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FARMER DISCUSSION GROUP PAMPHLET

# THE NATIONAL AGRICULTURAL PROGRAM

## WHAT'S IT ALL ABOUT?

The Foreign-Trade Problem

The Weather and the Ever-Normal Granary

Industry and Agriculture

Coordination of Farm Management, County Planning,  
and National Farm Policies

## WHAT ABOUT WHEAT?

The Foreign Market

Classes, Varieties, and Regions

Crop Insurance

Price Policies and Stabilization of Income

The Wheat Program

Economic Democracy—The Wheat Referendum and  
the Administration of the Program

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Issued November 1938

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United States Department of Agriculture  
The Extension Service and the  
Agricultural Adjustment Administration Cooperating

This pamphlet has been especially prepared for use by discussion groups. Its purpose is to present some of the more pressing problems of the wheat farmer, and it is so arranged as to provide material for six or eight meetings of a discussion group. No statement contained herein shall be taken as an official expression by the Department of Agriculture. Charts and tables present accurate information; but the text is intended primarily to stimulate discussion and includes a considerable amount of controversial material.

Copies of this pamphlet may be obtained free from your State Discussion-group Leader, Extension Service, State College of Agriculture. Copies may also be obtained free upon a request addressed to Program Planning Division, United States Department of Agriculture, Washington, D. C. Other pamphlets for discussion-group purposes are similarly obtainable:

#### SUBJECT-MATTER PAMPHLETS FOR THE 1936-37 SEASON

- DS-1 What Should Be the Farmers' Share in the National Income?
- DS-2 How Do Farm People Live in Comparison With City People?
- DS-3 Should Farm Ownership Be a Goal of Agricultural Policy?
- DS-4 Exports and Imports—How Do They Affect the Farmer?
- DS-5 Is Increased Efficiency in Farming Always a Good Thing?
- DS-6 What Should Farmers Aim to Accomplish Through Organization?
- DS-7 What Kind of Agricultural Policy Is Necessary to Save Our Soil?
- DS-8 What Part Should Farmers in Your County Take in Making National Agricultural Policy?

#### SUBJECT-MATTER PAMPHLETS FOR THE 1937-38 SEASON

- DS-9 Taxes: Who Pays, What For?
- DS-10 Rural Communities: What Do They Need Most?
- DS-11 Soil Conservation: Who Gains By It?
- DS-12 Co-ops: How Far Can They Go?
- DS-13 Farm Finance: What Is a Sound System?
- DS-14 Crop Insurance: Is It Practical?
- DS-15 Reciprocal Trade Agreements: Hurting or Helping the Country?
- DS-16 Farm Security: How Can Tenants Find It?

#### PAMPHLETS ON THE DISCUSSION METHOD

- D-3 What Is the Discussion Leader's Job?

# THE NATIONAL AGRICULTURAL PROGRAM

## WHAT'S IT ALL ABOUT?

This pamphlet is intended to encourage widespread discussion of the farm program, and to set forth the issues which farmers themselves will finally have to settle. What are these issues? What are the facts? What are the problems? What can we do something about? What can't we do anything about? How do some of these issues affect the individual farmer?

What about farm exports and imports? What about the weather? How does our industrial situation affect the farm problem? What is the relation between restricting production and farm prices? Should we pay more attention to developing markets for farm products, and less to limiting production? What would happen if we just quit having national farm programs and let each farmer work out his own problems?

**Some of these issues are common to all parts of the country;** they apply equally to wheat farmers, cotton planters, corn-hog producers, dairymen. But as we go further into the issues, particular problems break off and require separate treatment, because there are special problems which each region must work out itself. Therefore, this pamphlet starts out with the same set of problems that will appear in other pamphlets of this series; but the latter part of this pamphlet deals more particularly with **the problems confronting the wheat farmer.** Other pamphlets deal similarly with the problems of cotton, corn-hog, and dairy farmers. A farmer-discussion group can spend several sessions on the problems raised in this pamphlet; and spend them profitably, if some of these issues can be clarified in the minds of the group.

## THE FOREIGN-TRADE PROBLEM

**Most farmers are affected by our foreign trade.**—We normally raise more wheat, cotton, hog products, and tobacco than we consume; and, unless we can sell our surplus production abroad, we must cut down our production on the farm or accept lower prices in order to stimulate a wider market, and we may perhaps even then fail to sell all we produce. This problem of foreign markets especially concerns the wheat farmer, but it is also a major issue confronting every farmer in the United States. For, even if he doesn't raise export products—if he is a dairy farmer, say—the farmer who does raise corn or wheat or cotton now, may later decide to raise something else; and that something else may be dairy products, and that means increased competition and probably lower prices for the dairy farmer. What shall we do about the foreign-market problem? And it is clear that "we" refers to every farmer in the United States.

**On the one hand,** we can keep on growing wheat and cotton and corn and hogs and tobacco, and even increase our efficiency in producing these products. This may mean lower prices, but the increased production may or may not return a higher farm income. The lower prices may induce more purchasing. There is a limit to the amount of food that the American people can consume, even at very low prices, but the lower prices may regain our foreign market for us. Improvement in quality may attract better world prices; and better farm management may reduce costs so as to produce a satisfactory net farm income. Some people go so far as to become sentimental over the situation, and say that we have no right to curtail production, especially of food, so long as there are so many people who do not have enough food to eat or clothes to wear.

**On the other hand,** farm prices can go about so low,



after which the cash income is not enough to meet the outlay for rent or interest, taxes, machinery, fertilizer, clothes, fuel, etc.; and a farmer may as well quit farming as go on that way. And then, too, in order to produce a large enough quantity of wheat or cotton or corn, at very low prices, the land may suffer and be worn out. Why should a farmer become sentimental, especially about supplying foreigners with food and fiber produced by back-breaking work and sold at bankrupt prices? Better find out what the market for farm products can absorb, at prices that will give the farmer a satisfactory net income, and then adjust our national production to that figure. Then small or gradual increases in production could be tried, in order to see whether the resulting lower prices will increase the market demand, especially abroad, and absorb the increased production. As a matter of fact, most foreign countries are so afraid of being starved in the next war, that they are trying to raise as much food as they possibly can; they may not even respond to our lower prices, for they are trying to buy as little from us as they can, so as to encourage their own home production.

And then there is **the problem of imports** of farm products. Why should an agricultural country like ours import any farm products? Of course, some things which are classed as farm products we cannot ourselves grow: Coffee, tea, rubber, silk, cocoa, bananas, etc. Some things we can grow, but not enough for home consumption—sugar, vegetable oils, and some high-quality products—and these imports present a difficult problem because of their competition with home-grown products. Cane sugar competes with beet sugar, cocoanut oils with cottonseed oil and butter and lard, Polish ham and Canadian cheese with our own products; and then, too, it must be remembered that bananas compete with oranges and apples. And there we are, facing the fact that competition, whether foreign or domestic, is a very complicated thing. People may spend their money for tobacco instead of candy, radios instead of food, rayon or silk or wool or even paper instead of cotton, oil furnaces instead of coal fur-

nances, automobiles instead of houses or furniture or clothes, and so on. Shall we try to stop all imports which compete in any way with farm products of the United States? Some people think so.

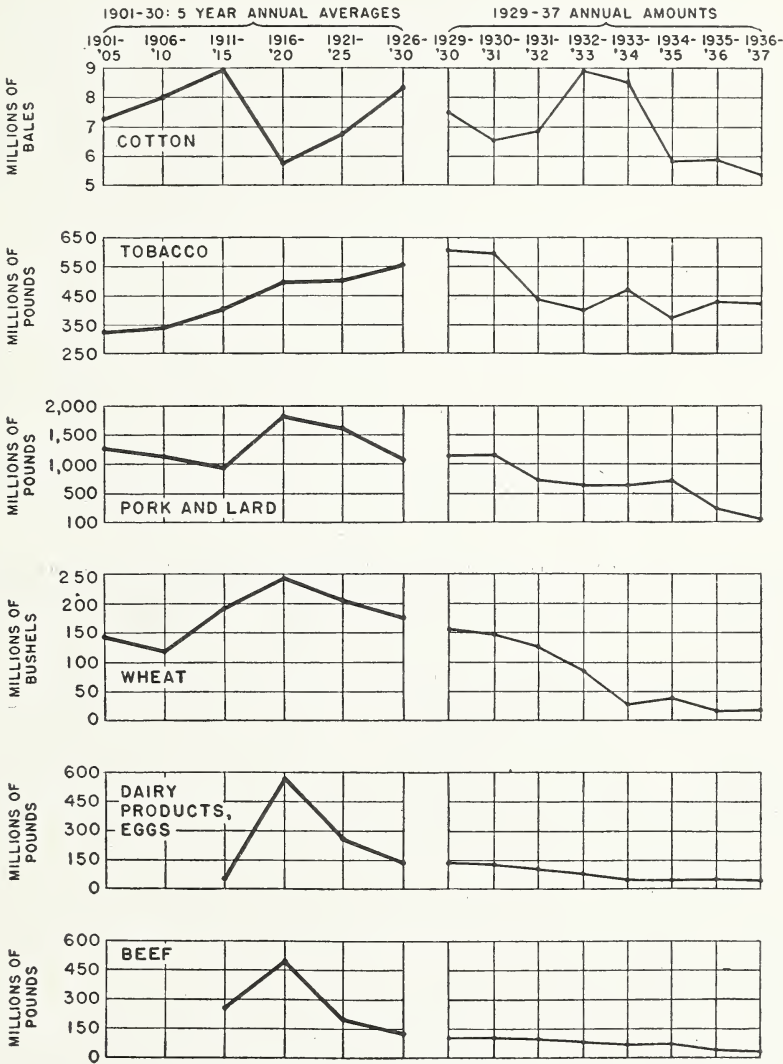
In some ways, **the farmer himself may individually benefit by imported farm products.** Suppose he is a dairyman or a feeder of beef cattle or hogs, and suppose a drought has resulted in a shortage of feed and pasture and in high prices for hay and grain; now what about importing some Argentine corn? And what if our supply of pork products is so low and prices are so high that many people quit buying pork and even get out of the habit of eating pork; wouldn't some imported bacon or ham help to keep up the pork-buying habits of these consumers? Or suppose that our farm products—ham or cheese, for example—are not so well processed as they are abroad; aren't we losing a large quantity market by keeping such goods out? May we not learn to improve our products by some competition from abroad? Should we ever keep out anything that is of better quality than we produce at home? And if foreign countries are going to buy from us—let's forget about how they are going to repay the money we loaned them—they must sell us their goods; they have only a very limited amount of gold, and we have more than may be good for us or than we know what to do with. And some of those goods they want to sell us in exchange are bound to be farm products or indirect competitors with farm products.

**What are the facts about our foreign trade?** Perhaps the best way of approaching this problem of foreign trade, is to look at the figures of exports and imports of farm products. Here they are, showing trends for a number of years back. What do you make of them? How would you manage our foreign trade if you had the opportunity and the power? What do you think of the Reciprocal Trade Agreements we have been making with some foreign countries, to restore some of our foreign markets? Let's remember that, in spite of the growth of "self-contained nationalism," foreign countries are buying a lot of



farm products from us. This year we may sell almost 100 million bushels of wheat to Belgium, Italy, the Netherlands, the United Kingdom, and others; and our exports of cotton

Chart I.—Annual exports and 5-year annual averages of 6 farm products from the United States



have been running larger than a year ago, England and Continental Europe having taken almost a million bales more than they did a year ago.

**Table 1.—Exports of 6 farm products from the United States, by 5-year average quantities and by annual quantities**

[Figures in parentheses indicate percentage exports to total production in the United States]

5-YEAR ANNUAL AVERAGES

Period	Cotton	Tobacco	Pork products	Wheat (flour)	Dairy products	Beef products
	<i>Millions of bales</i>	<i>Millions of pounds</i>	<i>Millions of pounds</i>	<i>Millions of bushels</i>	<i>Millions of pounds</i>	<i>Millions of pounds</i>
1901-05 ---	7.3 (67)	326 (35)	-----	144 (21)	-----	-----
1906-10 ---	8.0 (68)	334 (34)	-----	119 (18)	-----	-----
1911-15 ---	8.9 (63)	408 (39)	993 (9)	191 (24)	58	243
1916-20 ---	5.7 (48)	497 (33)	1,825 (14)	243 (28)	567	488
1921-25 ---	6.7 (59)	497 (39)	1,634 (12)	207 (24)	263	199
1926-30 ---	8.3 (56)	553 (39)	1,097 (8)	175 (18)	143	123

ANNUAL QUANTITIES

1929-30 ---	7.4 (45)	600 (39)	1,112 (8)	154 (17)	135	101
1930-31 ---	6.5 (50)	591 (36)	1,139 (9)	149 (13)	122	102
1931-32 ---	6.8 (53)	432 (28)	791 (6)	126 (13)	97	98
1932-33 ---	8.9 (67)	400 (39)	680 (5)	82 (4)	72	79
1933-34 ---	8.5 (60)	473 (35)	686 (5)	27 (5)	45	74
1934-35 ---	5.8 (51)	375 (35)	706 (5)	37 (7)	43	79
1935-36 ---	5.9 (57)	433 (33)	355 (4)	16 (3)	51	41
1936-37 ---	5.4 (43)	425 (36)	159 (1)	19 (3)	33	32

Sources: *Agricultural Statistics*, 1937, U. S. Department of Agriculture; *The Agricultural Situation*, U. S. Department of Agriculture.

**Comments: Charts and tables on exports of farm products and on general imports.**—Things to note and study:

1. These are the six most important farm exports, as regards both volume and value; and in the table they are shown about in the same order as their importance in total dollar value would warrant. Figures in parentheses indicate the percentage of exports to total production in the United States.

2. Note that our exports of all six, except cotton and tobacco, have been below normal, and have been declining, since 1929.

3. Wheat exports have been declining since the period of the World War. Production in the United States was at a high level in 1931-32, when some 942 million bushels were produced; whereas, in 1934-35, production fell to some 526 million bushels. Did these facts have any effect on exports? On imports, as shown in Table 2? Our

1937-38 crop was the largest in our history; what effect will it have on exports?

4. Wheat prices in recent years averaged as follows:

	At Chicago	At Minneapolis
1929-30.....	\$1. 30	\$1. 30
1930-31.....	. 84	. 82
1931-32.....	. 53	. 71
1932-33.....	. 53	. 61
1933-34.....	. 94	. 91
1934-35.....	1. 02	1. 16
1935-36.....	1. 04	1. 26
1936-37.....	1. 17	1. 47

Did prices have much effect on exports? On imports? Can the wheat farmer afford to raise wheat for export at 53 cents a bushel? At 75 cents? At one dollar?

5. Prior to 1930 we exported over one-fifth of our wheat. That percentage is large enough to make the wheat grower interested in the export market. The following table and chart show the trend of **imports** of agricultural products; the figures in parentheses show the percentage these imports are of our annual production of that product.

Table 2.—Imports of farm products into the United States, by 5-year average quantities and by annual quantities

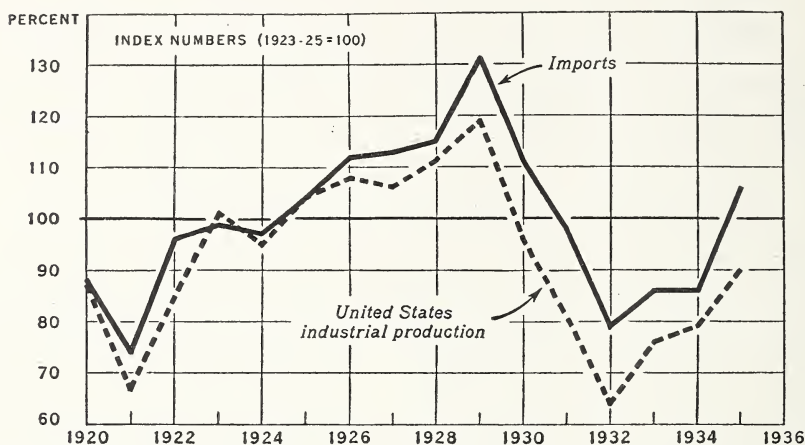
[Figures in parentheses indicate percentage of domestic production]

5-YEAR ANNUAL AVERAGES						
Period	Corn	Wheat <sup>1</sup> (and flour)	Cotton	Dairy and egg products	Live cattle	Beef products
	<i>Millions of bushels</i>	<i>Millions of bushels</i>	<i>Thousands of bales</i>	<i>Millions of pounds</i>	<i>1,000 head</i>	<i>Millions of pounds</i>
1901-05.....		1	146 (1)			
1906-10.....		1	195 (2)			
1911-15.....		3	323 (2)	71		<sup>2</sup> 182. 3
1916-20.....		26 (3)	344 (3)	47		102. 5
1921-25.....		17 (2)	369 (3)	136		34. 3
1926-30.....		16 (2)	352 (2)	176		84. 2
ANNUAL QUANTITIES						
1929-30.....	0. 4	13 (2)	396 (3)	173	505	135. 7
1930-31.....	1. 6	19 (2)	112 (1)	150	234	112. 7
1931-32.....	. 6	13 (1)	138 (1)	84	95	20. 0
1932-33.....	. 3	9 (1)	136 (1)	67	106	23. 4
1933-34.....	. 2	11 (2)	156 (1)	61	82	31. 9
1934-35.....	3. 0	25 (5)	112 (1)	51	66	39. 8
1935-36.....	43. 2	47 (8)	168 (1)	77	378	74. 5
1936-37.....	31. 5	48 (8)	151 (1)	63	410	94. 6

<sup>1</sup> Including wheat imported for milling in bond and export.  
<sup>2</sup> 1914 and 1915 only; not including canned beef.  
Source: *Agricultural Statistics*, 1937, U. S. Department of Agriculture.

6. In Chart II, the trend of general imports is shown in comparison with the trend of industrial production; note how they go up and down together, showing that imports

Chart II.—Quantity of general agricultural and nonagricultural imports into the United States, and industrial production in the United States, by years, 1920–35.



probably increase and decrease with the price level, as one would expect. Which policy appeals to you as the sounder: (a) To keep out imports by high tariffs, or (b) to stimulate industrial production, even if it means increased imports?

## THE WEATHER AND THE EVER-NORMAL GRANARY

**The trouble with the weather is that we can do so little about it.**—We can get in out of the rain, or heat our houses, and wear heavy or light clothes if we are fortunate enough to have two suits. Sometimes we can't even control our own tempers when the weather doesn't suit us. We can study the charts the Weather Bureau publishes, but they warn us only a day or two in advance, and sometimes they do not forecast correctly. But, even if the weather can be predicted, to know that a storm is coming, or that a drought is to continue, doesn't help much; we may not want either, but we can't do anything about it. And we can exercise practically no control over the weather that influences the yields of our crops: either the good weather that produces "bumper" crops, or the bad weather that brings drought or floods or hail. It can safely be said that the weather has more influence on crops than has human intelligence; and that we can do less about it than we can about our foreign markets. And since **the consumption of farm products is a fairly stable matter**, the weather presents the farmer with his biggest production problem: **bumper crops may bring a price disaster**, and drought or hail may hurt a great many people or single out some particular farmer for especial ruin. What are we going to do about it? And what can we do about it?

**One thing we can do is to find out more facts about the weather.**—Even if this means bad news, some people would prefer to know what is what, rather than go on in ignorance of what is bound to happen. And new facts are being discovered all the time. Some scientists believe that the weather has its periods, its long-range swings from drought to wetness, like the seasons of the year. They are collecting the figures on rainfall and temperature, and are trying to calculate from those whether there is any order to



the changes in the past; they are even examining the tree rings, the "grain" that one sees when a tree is sawed across and that marks the annual growth, so as to get records from various parts of the country hundreds of years back. These scientists are also studying the ocean currents and the great air movements, especially the "prevailing westerlies" or those that follow the great river valleys, to see whether our weather is like the hot-water or hot-air heating systems of our homes; and they are searching the upper, or "stratosphere," regions of the atmosphere and the regions around the North and South Poles for possible "weather breeders." The scientist is even studying the sun spots, and here feels pretty sure that he has a clue to the prime cause of our weather cycles. For more practical purposes, weather observers are located all over the country and report daily to the Weather Bureau at Washington. And all of this information is being used to predict, as accurately as possible, what the weather is going to be in all parts of the country—tomorrow, next day, within the near future, and in the long run. True, we are still in the rule-of-thumb stage, but we are seemingly getting somewhere. But the interesting fact is that, however well we may seem to be able to predict the weather, we do not seem to be able to do anything much about changing it. We simply know what to adjust ourselves to. But at least that is something.

If it helps to know more about what the weather is likely to be, it may also be better **to know approximately how much farm production is going to be.** At least, we think that such information is better than ignorance. And so we station observers all over the United States, and in foreign countries all over the world, who make periodic reports on the sales and supplies on hand, and on the condition of the growing crops of wheat and corn and cotton, etc. Now, it is easy to see how such information helps the traders on the exchanges; indeed, many of them have their own observers in the field to report the very same items, and to have this knowledge in advance of the other fellow is quite an advantage. **But what good does it do the farmer?** Suppose he learns, as his crops keep growing,

that there is going to be a very heavy production of cotton or wheat; what can he do about it? Everybody else knows this too, so he cannot rush to market as soon as his wheat is harvested, or his cotton is picked, and get an advantage that way. He may, by knowing about a possible heavy production, keep his crop from market for awhile, if he can afford to do this; and this may or may not turn out well for him. But just what other advantage is it to the farmer to have such information? Of course, now farmers do have it; whereas, before, only a few traders had any at all. At least they cannot take advantage of him in an expected shortage, or "bear down" over hard in a surplus-production year. Then, too, at planting time, the farmer can control his acreage somewhat according to the figures on supplies, carryover, and prospects. But the trouble is that a reported shortage will also encourage so many other farmers to produce that commodity, that a surplus of production may result.

Notice the problem the farmer is facing here. He cannot control the weather—swings of drought and wetness, or the seasons or their intensity—but the weather, to a large degree, determines the size, and even the quality, of the crops. In the meantime, the farmer's knowledge of what to expect, in weather and in crop production, is becoming increasingly great and accurate. **What are we going to do if we know, from these facts, that production is going to be far greater than the market can possibly absorb?** Or what are we going to do if we know that feed will be short? Sometimes we can plant late crops, or re-plant earlier ones, and help ourselves a little, but this doesn't solve the big farm problems. Shall we turn all our efforts toward developing our foreign markets or letting down the tariff walls? Shall we let the weather determine our whole production policy and then see what we can do with the results? Or shall we plow under the surplus production, or store it, or burn some of it, or what?

On the following pages are some figures about the weather and about farm production. What do you make of them?

Table 3.—Temperatures: Normal, 1936, and 1937, by monthly averages, at specified points (degrees Fahrenheit)

	January			February			March			April		
	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937
Scranton, Pa.....	26.6	24.0	35.4	27.3	21.5	30.4	35.7	43.4	31.4	48.1	45.9	46.8
Lynchburg, Va.....	37.5	32.4	45.3	40.3	34.6	39.6	47.3	51.4	45.2	57.3	54.0	56.0
Cleveland, Ohio.....	26.5	23.8	35.8	27.4	21.0	30.9	34.6	39.5	31.7	46.2	44.3	47.1
Indianapolis, Ind.....	28.4	22.2	33.2	31.1	21.8	30.4	40.0	44.3	37.0	52.1	47.7	50.7
Peoria, Ill.....	23.1	17.2	23.8	25.9	14.8	27.8	37.0	41.9	36.2	50.9	48.2	49.7
Minneapolis, Minn.....	12.7	3.8	5.4	15.9	0	13.4	29.6	29.9	27.0	46.4	39.8	44.5
Springfield, Mo.....	33.5	28.0	30.2	35.2	27.6	34.8	25.2	50.9	41.2	56.0	54.6	55.0
Bismarck, N. Dak.....	7.8	-3.8	-6.0	10.3	-11.4	8.6	24.2	28.2	28.6	42.1	38.1	42.8
Huron, S. Dak.....	11.3	5	0	14.3	-5.4	14.2	28.9	33.5	31.0	45.1	41.8	43.6
North Platte, Nebr.....	22.9	21.7	10.2	26.6	11.4	26.5	36.6	40.2	35.4	48.6	47.2	48.4
Wichita, Kans.....	31.3	28.0	24.3	34.4	25.0	33.7	45.1	51.0	40.6	56.4	56.5	56.0
Amarillo, Tex.....	35.3	35.6	30.8	38.1	33.5	40.4	46.9	52.2	44.2	55.8	58.0	57.5
Oklahoma City, Okla.....	36.4	35.0	30.4	39.6	33.5	40.4	50.0	56.2	46.4	59.8	61.7	60.6
Miles City, Mont.....	14.5	10.8	-1.8	16.8	-5.6	14.4	28.6	34.2	31.8	44.7	43.7	46.6
Pueblo, Colo.....	29.9	33.4	23.0	32.9	27.3	34.8	41.6	44.9	38.8	50.1	52.4	51.4
Boise, Idaho.....	29.8	31.6	15.4	34.8	28.4	32.4	42.7	40.2	44.4	50.4	54.1	48.2
Walla Walla, Wash.....	32.7	37.5	15.8	37.1	21.5	34.6	46.1	45.2	47.5	53.1	57.8	51.2
Roseburg, Oreg.....	41.2	44.4	32.6	43.4	42.8	42.8	47.1	47.0	50.0	51.0	56.4	49.9

	May			June			July			August		
	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937
Scranton, Pa.....	59.4	61.8	60.7	67.8	68.0	69.2	71.7	73.7	73.0	69.8	72.4	74.0
Lynchburg, Va.....	67.3	68.9	66.4	74.6	73.6	75.9	77.5	79.8	75.8	75.6	77.8	76.4
Cleveland, Ohio.....	57.9	62.6	59.4	67.1	66.2	73.2	71.4	74.6	74.4	70.0	73.8	63.3
Indianapolis, Ind.....	62.9	66.2	63.0	71.6	72.0	71.4	75.7	82.8	75.4	73.7	80.5	77.0
Peoria, Ill.....	61.7	67.0	63.2	70.9	72.0	70.8	75.4	84.3	75.8	72.5	80.3	78.3
Minneapolis, Minn.....	57.7	64.2	59.8	67.5	66.4	67.2	72.3	81.4	77.0	69.9	74.7	77.7
Springfield, Mo.....	64.5	69.0	65.8	72.5	77.6	74.9	76.8	84.2	77.8	75.7	84.7	80.3
Bismarck, N. Dak.....	54.5	62.6	58.9	63.7	69.2	64.6	69.8	83.4	77.3	67.3	72.6	75.4
Huron, S. Dak.....	56.4	63.8	60.6	66.2	70.4	65.8	71.8	84.4	77.3	69.4	76.2	79.5
North Platte, Nebr.....	58.7	63.8	62.8	67.5	73.0	68.2	72.9	82.8	79.0	70.8	78.7	79.6
Wichita, Kans.....	65.1	69.6	67.6	74.4	79.0	76.4	79.4	87.8	81.8	78.3	89.0	84.0
Amarillo, Tex.....	64.1	67.0	67.4	72.8	77.5	72.8	76.8	80.6	76.8	75.7	81.9	79.7
Oklahoma City, Okla.....	67.7	71.2	71.2	76.0	80.8	76.0	80.6	86.7	80.6	79.7	88.7	79.7
Miles City, Mont.....	56.7	64.6	60.4	66.0	72.2	66.0	72.9	84.2	72.9	71.5	74.6	72.7
Pueblo, Colo.....	59.2	63.0	62.8	69.0	74.2	69.0	74.2	77.4	74.2	72.7	75.0	72.7
Boise, Idaho.....	59.2	52.8	60.4	65.3	69.2	66.0	72.9	78.3	76.9	71.8	75.0	71.2
Walla Walla, Wash.....	57.6	65.8	61.0	66.5	69.8	67.6	74.0	77.0	77.6	72.7	75.6	71.8
Roseburg, Oreg.....	56.0	60.8	58.0	62.5	64.7	64.6	67.4	67.6	69.2	68.0	69.0	67.6

	September			October			November			December			Annual		
	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937
Scranton, Pa.....	62.9	65.4	61.2	51.9	52.6	50.4	40.5	37.6	41.4	30.7	34.4	30.2	49.4	50.1	50.3
Lynchburg, Va.....	69.0	71.6	66.3	58.5	60.8	55.3	47.2	46.2	46.0	39.5	40.9	39.2	57.6	57.7	57.3
Cleveland, Ohio.....	63.9	68.0	63.3	53.6	54.2	50.8	40.9	39.0	40.6	31.2	36.4	30.1	49.2	50.3	50.4
Indianapolis, Ind.....	66.9	70.9	65.4	55.7	56.0	53.0	42.3	39.4	39.4	32.2	35.8	29.5	52.7	53.3	52.1
Peoria, Ill.....	64.3	70.5	65.8	52.0	54.2	52.2	37.5	37.8	36.7	28.1	33.8	26.8	49.9	51.8	50.6
Minneapolis, Minn.....	61.4	66.7	63.5	48.9	46.4	46.7	35.7	30.1	31.9	19.6	32.6	17.9	44.5	43.8	44.3
Springfield, Mo.....	68.9	74.2	70.0	58.2	56.9	57.6	45.7	43.0	42.0	36.2	41.4	33.6	55.7	57.6	55.3
Bismarck, N. Dak.....	58.1	61.6	60.4	44.9	43.8	46.2	28.5	31.2	26.8	14.7	16.7	13.6	40.5	41.0	41.1
Huron, S. Dak.....	61.3	66.0	64.0	47.7	46.8	48.1	31.5	30.6	31.0	18.7	22.0	17.4	43.6	44.2	44.4
North Platte, Nebr.....	62.1	67.9	66.8	49.7	49.5	52.0	36.6	38.6	36.6	26.7	30.8	28.0	48.3	50.5	49.5
Wichita, Kans.....	70.6	74.2	72.0	58.6	56.1	58.4	44.8	44.8	42.0	34.6	39.8	33.6	56.1	58.4	55.9
Amarillo, Tex.....	69.3	69.2	73.1	57.7	56.5	61.8	45.5	46.5	47.6	37.0	42.9	40.0	56.3	58.4	58.4
Oklahoma City, Okla.....	72.8	76.2	75.0	61.5	58.6	62.1	48.8	47.6	45.9	39.3	44.3	37.7	59.4	61.7	59.9
Miles City, Mont.....	61.2	62.4	63.2	46.5	48.5	51.2	30.9	34.6	32.1	21.0	20.6	18.8	44.3	45.4	44.6
Pueblo, Colo.....	64.6	64.8	67.6	52.0	51.6	55.0	39.4	41.7	40.3	31.5	35.3	31.2	51.4	53.4	52.6
Boise, Idaho.....	61.9	62.0	65.6	51.1	55.0	55.2	41.0	37.4	45.7	32.1	35.2	37.5	50.9	52.4	51.6
Walla Walla, Wash.....	63.8	64.9	67.6	53.5	58.2	58.2	42.8	36.2	46.0	35.5	40.5	38.7	53.1	54.2	53.1
Roseburg, Oreg.....	62.9	62.8	63.4	53.9	56.9	58.8	45.9	42.0	51.0	41.8	43.0	46.1	53.4	54.8	54.5



Table 4.—Precipitation: Normal, 1936 and 1937, by monthly averages, in inches at specified points

	January			February			March			April		
	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937
Seranton, Pa.	3.03	4.47	4.18	3.04	1.31	2.47	3.20	5.25	2.18	2.77	2.85	3.51
Lynchburg, Va.	3.43	9.46	8.49	3.15	3.99	2.82	3.54	7.48	1.63	2.95	4.54	5.07
Cleveland, Ohio.	2.51	1.41	6.58	2.51	2.19	1.74	2.71	3.26	2.00	2.44	2.18	3.33
Indianapolis, Ind.	2.95	1.32	8.05	2.73	3.21	1.68	3.93	2.13	1.47	3.62	3.89	4.27
Peoria, Ill.	1.78	1.79	2.86	2.01	1.63	2.46	2.73	1.80	1.02	2.38	1.64	4.42
Minneapolis, Minn.	.86	.77	1.24	.95	1.55	.48	1.42	2.66	1.07	2.23	2.18	2.62
Springfield, Mo.	2.34	.17	6.94	2.35	1.01	1.15	3.39	1.29	1.80	3.86	2.37	5.19
Bismarck, N. Dak.	.45	.36	.70	.44	.59	.39	.89	.88	.58	1.52	.37	1.43
Huron, S. Dak.	.56	.52	1.51	.54	.88	.55	.91	.68	1.45	2.24	1.62	2.43
North Platte, Nebr.	.39	.48	.62	.53	.40	.30	.86	.57	1.09	2.06	1.59	1.09
Wichita, Kans.	.78	.94	1.54	1.25	.02	.73	1.75	T	2.80	2.91	.58	.57
Amarillo, Tex.	.51	1.02	.29	.71	.25	.18	.71	T	1.10	1.18	.25	.39
Oklahoma City, Okla.	1.19	.09	1.21	1.11	.76	.12	1.98	.21	1.15	3.29	.03	2.66
Miles City, Mont.	.66	.58	.38	.49	.40	.23	.86	.21	.66	1.12	.23	.79
Pueblo, Colo.	.31	.23	.18	.47	.44	.60	.59	.14	.77	1.31	.29	.84
Boise, Idaho.	1.73	2.13	1.60	1.44	2.26	1.44	1.35	.73	1.80	1.18	.70	1.50
Walla Walla, Wash.	1.96	3.21	1.75	1.76	2.26	.97	1.61	.50	1.97	1.51	.74	3.09
Roseburg, Oreg.	5.31	9.17	5.25	4.49	4.97	5.07	3.28	1.76	3.60	2.27	2.25	4.14

	May			June			July			August		
	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937
Seranton, Pa.	3.27	2.18	2.66	3.67	6.75	5.89	4.03	.73	2.67	3.69	4.58	6.43
Lynchburg, Va.	3.63	1.23	2.93	3.79	4.64	6.24	4.21	3.07	5.97	3.78	5.95	4.89
Cleveland, Ohio.	5.12	2.05	2.27	3.12	2.32	6.64	3.45	2.23	4.87	2.77	2.92	2.10
Indianapolis, Ind.	3.89	1.48	1.58	3.62	2.91	3.69	3.34	.67	5.37	3.31	2.49	3.46
Peoria, Ill.	4.06	1.72	3.22	3.77	.45	4.87	3.58	1.24	2.32	3.12	2.27	1.55
Minneapolis, Minn.	3.67	2.25	5.42	4.22	2.29	3.11	3.73	.11	.48	3.12	3.48	4.10
Springfield, Mo.	5.19	2.37	5.09	4.68	2.05	9.39	4.21	1.11	3.95	4.09	.78	1.88
Bismarck, N. Dak.	2.32	.12	1.52	3.35	.47	6.09	2.24	1.10	2.17	1.82	.62	1.12
Huron, S. Dak.	2.98	1.09	1.48	3.79	1.66	3.69	3.16	.85	.98	2.46	3.08	.94
North Platte, Nebr.	2.78	3.17	.64	3.22	1.64	3.15	2.74	.96	2.21	2.39	1.23	.76
Wichita, Kans.	4.46	3.30	4.13	4.38	1.04	3.99	3.38	.21	4.77	3.13	.04	2.86
Amarillo, Tex.	2.79	9.02	6.83	2.84	.84	2.83	2.84	.51	1.49	3.08	1.39	.64
Oklahoma City, Okla.	4.88	5.56	1.82	3.67	.23	4.65	2.86	.06	.74	2.89	.17	2.44
Miles City, Mont.	2.24	1.12	.81	2.66	.15	2.00	1.54	1.00	1.76	1.08	.39	1.33
Pueblo, Colo.	1.60	4.40	.70	1.36	.62	.51	1.94	1.42	.68	1.82	2.21	1.02
Boise, Idaho.	1.43	.69	.37	.92	1.59	.44	.24	.41	.07	.19	.38	0
Walla Walla, Wash.	1.61	.49	.47	1.12	.88	1.91	.39	.04	.15	.49	.01	.15
Roseburg, Oreg.	1.93	2.78	1.74	1.09	2.02	4.04	.32	.51	.07	.34	0	.14

	September			October			November			December			Annual		
	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937	Normal	1936	1937
Seranton, Pa.	3.17	1.70	1.42	3.03	2.11	6.02	2.77	2.59	1.53	3.02	2.75	1.95	38.69	37.27	40.91
Lynchburg, Va.	3.31	4.64	2.61	3.15	3.93	7.91	2.33	.66	2.14	3.26	5.35	1.03	40.53	54.94	51.73
Cleveland, Ohio.	3.33	2.75	.99	2.78	1.78	3.36	2.64	3.32	1.47	2.44	1.64	2.52	33.82	28.07	37.87
Indianapolis, Ind.	3.40	4.30	3.28	2.78	3.29	5.59	3.35	4.58	1.94	2.98	3.20	3.77	39.90	53.47	44.15
Peoria, Ill.	4.03	10.58	1.14	2.67	3.35	2.69	2.37	1.18	1.28	1.77	3.26	2.06	34.89	30.91	29.89
Minneapolis, Minn.	3.13	7.8	1.67	2.08	.66	1.36	1.27	.66	1.51	.98	1.78	.53	27.66	18.47	22.59
Springfield, Mo.	3.52	7.29	2.63	3.05	5.27	1.75	2.79	1.38	1.72	2.31	2.60	2.38	41.79	27.69	43.87
Bismarck, N. Dak.	1.23	1.66	1.19	.94	.14	.49	.57	.45	.41	.57	.21	.51	16.34	5.97	16.60
Huron, S. Dak.	1.57	.33	.80	1.28	.35	.35	.59	1.05	.43	.57	.49	1.01	20.65	12.60	15.62
North Platte, Nebr.	1.35	.35	.89	1.07	.41	1.27	.47	.03	.06	.33	.43	.29	18.39	11.26	12.37
Wichita, Kans.	3.09	4.84	1.80	2.59	3.77	1.12	1.39	.01	.75	1.00	.83	.58	30.11	15.58	25.64
Amarillo, Tex.	2.30	4.74	2.61	1.66	.82	.31	.92	T	.14	.80	.88	.29	20.99	19.72	17.10
Oklahoma City, Okla.	3.05	8.49	2.90	2.86	1.93	2.25	1.87	.06	2.47	1.50	1.31	1.12	31.15	18.90	23.53
Miles City, Mont.	1.04	.69	.77	.90	.57	1.00	.57	.37	.27	.63	.35	.42	13.79	6.06	10.42
Pueblo, Colo.	.75	1.77	.35	.66	.76	.48	.36	.21	.19	.50	.34	1.11	11.67	12.83	7.43
Boise, Idaho.	.53	.07	.39	1.24	.04	1.18	.28	.01	1.71	1.57	.78	2.10	13.10	9.79	14.33
Walla Walla, Wash.	.95	.93	.20	1.53	.03	.74	2.02	.01	2.89	2.06	1.12	2.07	17.01	10.22	16.36
Roseburg, Oreg.	1.27	.92	1.95	2.61	.05	2.17	4.66	.25	8.41	5.34	3.16	4.83	32.91	27.84	41.41

**Table 5.—Frost: Dates of killing frosts, 1936 and 1937 and for last 30 to 51 years; and length of growing season, at specified points**

	Latest date, killing spring frost—			Earliest date, killing fall frost—			Average number of days in growing season
	1936	1937	Last 30 to 51 years	1936	1937	Last 30 to 51 years	
Seranton, Pa.....	May 15	Apr. 17	May 15	Oct. 25	Oct. 9	Sept. 14	176
Lynchburg, Va.....	Apr. 23	Mar. 28	May 17	Oct. 28	Oct. 15	Oct. 2	201
Cleveland, Ohio.....	Apr. 23	Apr. 11	May 21	Nov. 15	Oct. 24	Oct. 2	201
Indianapolis, Ind.....	Apr. 23	Apr. 11	May 25	Oct. 27	Oct. 15	Sept. 21	187
Peoria, Ill.....	Apr. 23	Apr. 11	May 11	Nov. 4	Oct. 14	Sept. 26	187
Minneapolis, Minn.....	Apr. 22	Apr. 10	May 20	Oct. 21	Oct. 8	Sept. 13	166
Springfield, Mo.....	Apr. 3	Apr. 6	May 19	Nov. 3	Oct. 23	Sept. 30	193
Bismarek, N. Dak.....	Apr. 29	May 13	June 7	Sept. 27	Sept. 25	Aug. 23	133
Huron, S. Dak.....	Apr. 29	Apr. 27	June 21	Oct. 13	Oct. 13	Aug. 23	139
North Platte, Nebr.....	Apr. 10	Apr. 27	May 24	Oct. 7	Oct. 22	Sept. 10	154
Wichita, Kans.....	Apr. 7	Apr. 5	May 15	Oct. 22	Oct. 23	Sept. 23	197
Amarillo, Tex.....	Apr. 6	Mar. 30	May 23	Nov. 3	Nov. 16	Oct. 16	201
Oklahoma City, Okla.....	Apr. 6	Mar. 31	Apr. 30	Oct. 27	Nov. 16	Oct. 7	218
Miles City, Mont.....	Apr. 7	Apr. 25	May 31	Oct. 1	Oct. 13	Sept. 7	150
Pueblo, Colo.....	Apr. 6	Apr. 25	June 2	Oct. 7	Oct. 19	Sept. 12	201
Boise, Idaho.....	Apr. 6	Apr. 24	June 16	Oct. 22	Oct. 5	Sept. 11	168
Walla Walla, Wash.....	Apr. 4	Mar. 21	May 9	Nov. 1	Nov. 17	Sept. 24	218
Roseburg, Oreg.....	Apr. 2	Feb. 20	May 24	Oct. 29	Nov. 9	Sept. 24	217

Now, then, what would you say should have been done in such and such a year, knowing what we knew then about the weather and crop estimates? What about next year? And if you can figure out what you yourself think you should do, would this plan hold good for every farmer, for all the farmers in the country? Try to work out a farm production schedule for 1939 or 1940, especially in the crops you raise. One of these tables shows the average temperature for each month of 1936 and 1937, and the monthly averages for the past 30 or 40 years, for a number of cities in your region. Pick out a city near you, and try to figure about what the temperature is going to be next month, next week, and tomorrow. Try the same thing for rainfall from the next table, showing "precipitation"; and try to figure from it whether the coming season will be wet or dry. Then, in the third table, which has some more practical matter in it, note the record regarding the last day of frost in the spring, and figure a planting date for next year which would give you a safe margin. How many days of the year are free from frost in your neighborhood? Is the number of growing days in your neighborhood enough so that a fairly late planting won't run you into an early frost in the fall? Have you ever kept a record of these things on your



farm, especially rainfall, temperature, and frost days, and tried to calculate from this record what is likely to happen next season, or next month?

Now look at the problem from the standpoint of the nation as a whole. We cannot control the weather, and the changing weather from year to year means that production changes from year to year. When crops are large, prices are usually low, so that the farmer's income is not very high; when crops are small, many individual farmers find that they have raised so little that, even with higher prices, their incomes aren't large enough to provide proper living conditions. Why not take this speculative factor out of farming? Why not provide for a reserve supply which will safeguard the American consumer against a bad year; but also provide that, when those supplies get beyond a certain safe point, we take care not to produce so much the next year that these supplies will become a price-breaking surplus? This plan, which the Secretary of Agriculture refers to as the Ever-Normal Granary Plan, seems to be one way of controlling Old Man Weather. The alternative is to keep on farming largely by speculation. Perhaps you think that should be done, letting farmers see if they can take advantage of the resulting ups and downs. Which shall it be—"letting nature take her course," or trying to level off the peaks and valleys by an "Ever-Normal Granary?"

The following statement by Secretary Wallace presents the idea of the Ever-Normal Granary:

The Ever-Normal Granary idea is as old as the ancient civilizations and as new as our modern problems of economic instability. City people are in search of greater economic security, more continuous production, and employment. Farmers likewise seek greater stability in their production, prices, and income. They can no longer bank on world markets taking their bumper crops, and consumers cannot bank on reduced tariffs and greatly increased imports in years of great crop shortages.

Amidst the great dislocations of the past decade in world economic and political affairs, there have appeared most extreme fluctuations in weather and crop yields. For example, the worst droughts in a hundred years struck our grain crops in 1934 and 1936, and in 1937 we had record crop production. Weather conditions in most parts

of the country have shown greater fluctuations and uncertainties than in former generations.

One of the byproducts of a troubled age, when the ways of the past no longer serve the common welfare effectively, is an increased effort to discover new devices. Most of the agricultural programs introduced by the Department of Agriculture in recent years might be classed under the Ever-Normal Granary idea. In the soil-conservation programs we are searching for the best ways of retaining and increasing soil fertility. In the adjustment programs of the grain and livestock areas we are attempting what thoughtful farmers have been urging for years, a system of storing surpluses for years of deficit, so as to maintain a more continuous flow of livestock products to market at more stable prices for both grains and livestock. In the Crop-Insurance Program for Wheat we are enabling wheat growers to cooperate in an effort to reduce the effects of the hazards of production. This insurance plan, if successful, doubtless will be extended to corn, cotton, and perhaps other crops.

These elements of the Ever-Normal Granary idea, as we grow in experience with them, should give us a more orderly farm production to meet all the normal requirements of a growing country both for domestic and export markets. They should give us better control of our natural resources, with great improvement in the storage facilities on farms, more efficient farm management, greater stability in the consumer food budget, and a substantial contribution to the economic stability of all those engaged in the marketing and processing of farm products.

The important steps of providing practical and safe (not elaborate or costly) storage buildings and of caring for farm-stored wheat so that it will not deteriorate can be taken only by farmers themselves. Farmer cooperation in carrying out the requirements is needed in giving effect to the whole idea.

## INDUSTRY AND AGRICULTURE

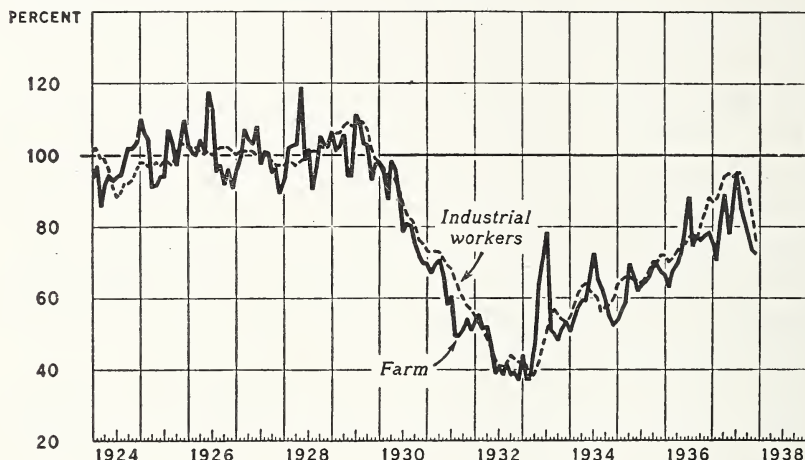
Everybody is a consumer, especially of food. That means, of course, that food products find a tremendous market in the cities. But city people, especially factory, office, and store workers, cannot buy food unless they are employed and earn money. And they cannot be employed unless there is work to do; and that means that stores and factories must have more orders for goods. And, since the farmer buys a lot of these things, including clothing and machinery, when he has money, **it seems that the farmer and the city dweller are in the same circle.** Both could well realize that what is good for one is good for the other, and what is bad for one is bad for the other. Chart III shows that somehow **the two go up and down together.** But, like the hen and the egg, it may be hard to find out which comes first.

Now there is a big question as to **whether farm prosperity is the basis for general prosperity, or whether industrial prosperity is basic.** The War between the States was fought partly because of this issue: the agricultural South didn't like the **high tariffs** that raised prices on everything they bought while they were selling in a world market, and the North kept close to Alexander Hamilton's policy of half a century before, encouraging manufacturing by high tariffs. It is a question how much "protection" an industry needs to pay "higher wages to American workingmen." Our automobile companies have no protective tariff, and yet they can compete with the world abroad, even after paying freight charges; and yet they pay relatively higher wages than do our textile mills, which have a high tariff "protection." Until recently, the American farmer could likewise compete with cheap, foreign agricultural labor by selling his wheat and cotton, pork, and tobacco abroad, largely because of better land resources and greater production efficiency; and he held

practically a complete control of the American market, with a tariff which may or may not have assisted him.

But now the markets for both farm and industrial products have been narrowed down toward the domestic market alone; for foreign countries are trying in every way to be "self-sustaining," they try to buy as little from us as possible. And this means that the **farmer and the fac-**

Chart III—Indexes of cash income from farm marketings, and income of industrial workers, United States, 1924-37 (1924-29=100, indexes adjusted for seasonal variation).



tory are going to be confined relatively more to the home market than they have been in the past, that they **are more intensively competing for parts of the same consumer's dollar**; the farmer and the factory worker are again apt to face each other with the old hostility. For high industrial wages mean high cost of clothing and machinery; and high prices for farm products mean high food costs and therefore city wages that are smaller so far as purchasing power is concerned. Not only that, but when industrial activity picks up—in the Carolina cotton mills or in the machine shops of the Connecticut Valley—farm labor becomes scarce, and farm-labor costs go up with prices. Have industry and farming much of a common interest, or are they fundamentally enemies?

Let's get back to Chart III on **farm income and industrial activity**. It does seem that they go up and



down together. Let's forget about the down part and the bad effects of one on the other. Certainly, the farmer can buy more factory products when his income is up, and the factory worker can pay more for food when he is employed and earning money; even if each spends an increasing share of his rising wages for nonfood products, such as radios or automobiles, the factories that make these things employ more men who can pay more for food, and so on. Now, of course, from a purely selfish view, a manufacturing industry with a high tariff protecting it and with orders ahead, could profit by lower prices of farm products; for its workers could then be paid lower wages because food was cheap, and the factory might be a maker of breakfast foods or a packer of meats or a textile mill, and could profit more by buying its raw materials at low prices. So also a powerful farm lobby might do away with all tariffs and labor laws and thereby take away from industry the power to keep up prices. And it must be admitted that each has in the past thereby gained temporarily over the other when things were going one way or another. But if there is any one thing the farmer should be interested in today, it is some way of **getting industry out of the slump**, so that more men would be employed. And no merchant or manufacturer who has thought this problem through will begrudge the farmer any policy that operates **to increase net farm income. Higher production**, in the city and on the farm, may mean **both higher wages and higher farm incomes**, and the consumers' dollars are then going to multiply so much that neither the farmer nor the manufacturer needs to worry about competing with each other for only a few of those dollars.

**It is easy to see the other fellow's point of view.** Of course the manufacturer would be interested in low prices for wheat or cotton or hogs or tobacco, and he doesn't like to see a decline in quantity, for much the same reason; neither do the railroads or the commission merchants, who trade in bulk and make their money on handling quantities of things. And the consumer somehow has gotten the idea that he ought to have a lot of things offered him; he



thinks this will mean lower prices—and it will—but he doesn't always realize the undesirable effect on the farmer of unsalable surpluses or very low prices. He doesn't always realize that, by excessively low prices, he gains even less than the farmer loses. See what happens when a factory cuts down production or shuts down entirely, and throws a lot of people out of work; that is regarded as an economic necessity. A merchant buys only what he thinks he can sell at a profit; and a sailor is admired when he "trims his sail to the wind." But there is a deep-seated prejudice against farmers who try to measure their production to the market demand, especially when this means reducing production. And it is not intelligent for farmers to get angry over the situation—attitudes of mind are facts just like events and piles of goods. What the farmer needs to do is to set himself patiently and intelligently to the job of educating the city folks to see the farmers' point of view.

**What shall be the major policy of American farmers toward industry?** Shall they let industry continue to be protected by tariffs and coddled by other governmental aids? Shall agriculture organize its own pressure groups and "let the best man win"? Shall it "fight fire with fire" and demand similar preferred treatment until the whole country gets so sick of privilege that we shall get rid of all of it? Is it possible for both agriculture and industry to share in economic prosperity, and to increase production all around, or will one always benefit at the expense of the other? Is there a common ground or a basis for compromise? Should agriculture give up its policy of crop adjustment or production control, believing that if it does, industry will get started again? Should industry make the first move? Can it? What shall we do?

## COORDINATION OF FARM MANAGEMENT, COUNTY PLANNING AND NATIONAL FARM POLICIES

A farm is—but **what is a farm?** Is an acre of land, supporting a galvanized-iron shed, in which lives a bachelor who hasn't and perhaps couldn't raise a family, but who "manages to get along," a farm? When is a farm a farm? And when isn't it? Is an abandoned farm a farm? Is a farm a farm if it cannot support a family? How big should a farm be? If it isn't large enough to be a successful farm-management unit, should our agricultural policies be so formulated as to take care of it? Is a farm an economic unit, or is it a social unit whose main purpose is to raise future good citizens? Certainly we ought to know what we mean by a "farm" before we begin to think and talk about farm policies or farm management. Perhaps you have some questions to add to those that have just been raised; and perhaps you have some answers to them. Try to define "a farm" so that we can use the word whenever we want to talk about farm policies.

Look back over our agricultural history during the past century or two. We swept over the country in vast westward-moving waves, **homesteading and settling**, abandoning the older, worn-out farms in the East, ever looking for new land. Now that movement has come to an end, as far as the United States is concerned. More recently our agricultural colleges and departments have been leading farmers to practice **more efficient farming methods**. Farm management for a while meant increased production, "making two blades of grass grow where one grew before." For a while this was all well and good. But then we began to produce more than could be sold; our foreign markets failed us, and our industrial system broke down, so that people couldn't buy the goods which were piling up in warehouses and on merchants' shelves. Then farm management began to put more stress on **economics**. Farmers began to learn that "bumper"

crops sometimes brought lower farm incomes than did lighter yields; that sales of farm products below a certain level, of quantity or of price, didn't bring in enough income to pay for rent or interest, taxes, and other fixed costs. Farmers began to learn that **net income** was the important thing, and not merely gross income or high prices or high yields; and that prices must not get too high, or the market would be lost, and that production must not be expanded too much, or the price level would fall disastrously. This is a lot of economics for anyone to learn; but one of the most hopeful signs in recent years has been that farmers have been learning these things very rapidly and well.

And then we began to find out that **our soil was being used up too fast**, especially by renters or farm speculators who held the land for only a short time and who tried to get as much production out of it as possible for the short time while they held it. And we began to find out that a farmer who might "make a go of it" on 80 acres in the richer lands and moister climates of the East or Middle West couldn't produce enough to support a family on 640 acres in some parts of the Great Plains region. And the growth of farm-tenantry, and in some places of the corporation farm, raised the question whether we ought to encourage **farm ownership as a public policy**; and that led to the question of **how large a farm should be** in order to keep it a family unit, with enough income to maintain decent living standards. From all of this knowledge and experience, we turned to the question, **What Should a Farm Be?**

To begin with, we may as well admit that there are **too many small farms**, especially in some regions. Farm families make a living from them, yes; but what a living! But if we should move these families off their farms, and combine these farms into economic units, what would we do with all these people? There would be a surplus for whom there were no farms. In former times, our surplus farm population—whole families or some of the young folks—moved westward or to the cities; but there are no more large areas of land available for settlement, and just

now there are no jobs open in the cities. Our expanding population, of course, meant an expanding market for food and fibre, and people do buy more food and clothing when their incomes rise; but these factors are not at work now. Farm food products supply what we call an **"inexpansible" market**; that is, people eat just about so much food, and the rising incomes of consumers do not mean similar increases in food purchases. Our domestic market for wheat is very stable. **Industry, however, has an expansible market**; there is no end to the amount of some manufactured articles which people will buy if their incomes increase. So that the **probable kind of future expansion of production is largely industrial; and the normal migration of people may be expected to be from the farm to the city**. This is all the more reason why farm people should be interested in promoting every means of stimulating industrial production. For the more we stimulate industrial production in our cities, the more can industry absorb some of our surplus farm population; and the more we develop the foreign markets for our farm products, the more people can live in our farming areas.

But merely wishing or waiting for these things will not solve the farm problem or help the individual farmer: What he needs is some help right now in "making a go" of his farm. Of course, **there are some farmers who wish that people would let them alone to run their own farms**, and they probably can do a pretty good job of it. What they do not realize is that every man who does a bad job of farming hurts the good farmer; for then a lot of low-grade farm products flood the market and do nobody much good. So let's leave this good farmer alone for awhile, and **let's talk about the farmer who is having a hard time of it**. He probably has too small a farm, to begin with; and what he has probably calls for too high an interest or rent charge, considering the productivity of the land. As a result, he probably is "mining" the land for all he can get out of it and is not keeping up, let alone building up, its fertility. If he considers leaving



the farm, he probably doesn't know where else he might go, or what he would do if he got there. A lot of people think that he probably had better stay where he is, at least for the time being, and get along as well as he can. And now the Federal Government comes along and proposes to pay this farmer for adjusting his production in line with sound farm practices for the Nation.

**Some people object to having the Government pay a farmer for doing what he ought to do anyway;** but many a farmer has to till every possible acre, and keep a high proportion of his land in soil-depleting crops, in order to make a bare living for his family. Should such a farmer receive Government payments to improve his farm? A great many farmers would be willing to divert some acreage from soil-depleting to soil-building crops, if they knew that everybody else would join with them—for, say what you will, this shift does involve a sacrifice in immediate money income. And many of these farmers could adopt sound farm-management practices if they received some financial help from the Government.

So there we are, face to face with the problem of finding some way of adjusting production to demand, and of adjusting crop-acreage so as to conserve the soil. And that does mean restriction of production of certain crops as a rule. And that, in turn, arouses the hostility of a great number of people.

Now, some people seem to think that **the farmer ought to produce as much as he possibly can**, so that food and raw materials can be bought as cheap as possible. Some of these people are selfishly interested, especially the processors and consumers, and perhaps we would do well not to argue too much on that point. It is sound economics **in the long run** for a producer to lower prices gradually so as to encourage consumers to buy more of his goods; for if he is a good manager, he can reduce his unit costs and increase his net returns. Such a policy may not fit crises such as we have just had in agriculture, but some people cannot see this.



But some of these folks, even if they are opposed to crop reductions, become quite interested in the fact that a policy of maximum farm production very definitely means **destroying our soil**, unless we take far more care than we have in the past to maintain that soil fertility. And when they see that probably we ought to pay more attention than we do to **improving our distribution system**—to prevent the piling up of unsold goods while a lot of people are in need of food and clothing and shelter—they begin to realize that **blind production is not the solution to our problems**.

There is, however, a line of thinking opposed to crop restriction, which deserves serious attention. People who follow this line of thinking say, and with much sound basis, that a **restriction of farm production is a dangerous thing**. To begin with, **it raises prices**; and that means that **less can be sold**, for the consumer's pocketbook has a limit, and he will prefer to spend more of his money for other things. They point out that our **relatively high prices will ruin our foreign market and that it will eventually encourage increased farm production both at home and abroad**, and that it has in fact already done so. And they will also point out that a smaller volume of farm products means a **smaller amount of freight** for the railroads and the steamships, for grain elevators, and docks and trucks, for manufacturing plants and stores; and that all of this means fewer jobs and therefore lower consumer purchases. **This is a serious point. But it can also be raised against factories which shut down.** And why should the farmer alone try to get this economic machine off dead center, any more than the business man or the manufacturer? What the farmer needs to take to heart, in this matter, is the danger of any restriction program which goes so far as to raise prices beyond reason. He will "cook his goose" in that way. But "what's sauce for the goose is sauce for the gander," and the point needs to be learned just as well by the manufacturer and the distributor. **In the long run, the farmer ought to keep**

in mind a big market for his goods; and that would mean gradually increasing production in the long run at gradually decreasing prices, **with increasing farm efficiency lowering his unit costs** so that his net farm income will rise. This is the constructive side of the sound objection to a policy of restricting production.

But all of this sound economic theory will do little good in the face of a **sharp crisis** such as we have had lately. When the bottom drops out of prices, and stocks of goods pile up, and men lose their jobs and cannot buy things at any price, what good does it do to talk about gradually decreasing prices and increasing production efficiency? What is wanted is something to put a **floor under falling prices** and to **curb the excessive production which is making matters worse**; at the same time that more attention is paid to the problem of increasing consumption. For a farmer, facing falling prices for his products, may even increase his production in order to increase his income. And that means **"taking it out of" the land**. By restricting the production of such crops as are already glutting the market, and which for the most part deplete the soil, the farmer is doing what every intelligent professor of farm management has been teaching for years; especially if he treats the land taken out of production so as to build up its fertility. And if our warehouses are already full of goods, **there is no better form of providing additional storage space than to build up the fertility of the land** for future increased productivity when we shall need it. And, since many individual farmers cannot afford to follow such sound practices, especially on farms where every acre has to be tilled to support a family, there does seem to be a sound basis for a **public policy** of encouraging that farmer, by payments, to conform to the best practices of good farm management.

But **an individual farmer cannot do this sort of thing alone**. He not only needs to keep in touch with his neighbors, to learn from their experience; but the job has to be organized among the farmers of a community, a township, a county. **Is your county engaged in pro-**

**gram planning?** Do you see that this work is an attempt to do, on a county-wide scale, what good farm management would call for on your own farm? What is the purpose of your county program planning? Are you trying through it to find the best uses to which the land of your county can be put? This may mean that some farms have to have more soil-conserving acres than others. Do the farmers of your community realize that this is a county land-use program and that not everybody can be satisfied with it; and that the selfish or greedy farmer, who tries to "get all he can" needs to be educated socially? How does the land-use program of your county, or even of your farm, fit in with the problem of keeping our national production of wheat or cotton or corn within the bounds of what can be used or sold at a price which the farmer needs? How does your county land-use program affect the net farm income of your county? of your farm?

The farmer should think of the welfare of his own family and his own farm. But he also needs to think in terms of his neighbors and his community. And the county program planning work is giving the farmer an opportunity to take an active part in the economic government of his county; and the plans for the county, he soon will find, will have to be made so as to fit in with the welfare of his agricultural region. And the farmer, to do this job well, will have to think about National policies and international problems more than he has ever done before.

Further discussion, especially of details and technique, could best be carried on with reference to particular types of farming areas. And this pamphlet proposes now to discuss some of the more particular problems of **the wheat farmer**. But we need to take a breathing spell at this point—in fact, it would have been well at the end of each section to lay this pamphlet aside for awhile and think about that part of the problem; or, if this pamphlet is being used by a discussion group, to talk about one point before going on with the next. For the value of this pamphlet is in the amount of thinking and discussion which it stirs up.

## WHAT ABOUT WHEAT?

### THE FOREIGN MARKET

Let's forget for awhile about wheat as a plant—"waving fields of golden red," and all that—and as the "golden grain" pouring from the threshing machines and into the elevators, and traveling along in railroad cars and ships; and let's think about that **wheat as a commodity which is to be marketed**. And let's notice that from 10 to 20 percent or more of that wheat gets to a foreign market, actually or probably; and that our export market is important because we cannot consume in this country all the wheat we ourselves grow or can grow. And that means that a considerable part of our wheat sells on a "**world market**" and for a "**world price**," both of which are as much beyond our control as is the weather. Every wheat farmer knows that the "Liverpool price" of wheat pretty much controls prices in Chicago and Minneapolis, and that these prices in turn determine the prices of wheat at the local elevators, even for wheat that is not shipped abroad. Let's not fight this idea; it wouldn't help anyway, because it's a brute fact, even though at times recently the Liverpool price seemed to follow the prices on our own markets and may continue to do so for a while or eventually. Let's just face the facts honestly and frankly. In general, if people all over the world want more wheat, up will go the price; and again, in general, if less wheat is produced all over the world and less pours into the market, up will go the price. And the opposites can happen, too; and when they do, down goes the price. But, for the most part, that price swings up and down as the various forces play on it; much as the center point of a rope moves one way or another in a tug-of-war, as one side or the other shows its greater power. Cheering or boos on the sidelines may help some, but not much; and the individual,



on the sidelines or even in the field, is almost helpless. The best we can do is to keep a hand on the rope!

**But why can't we do something about it, if we all pull together; even in a world market, especially when we raise so much wheat?** We do raise a lot of wheat, but so do other countries. Suppose we raise just half our usual production; then what? Well, if other countries raise their usual amount, the total world production would be cut, not one-fifth but one-tenth—one-half of our fifth. And the price will probably rise, but it probably will not be increased one fifth. So there we'd be with only one-half a crop, but not a corresponding increase in the price, and our total wheat income would go down. And that's not the worst of it. **For the higher price might discourage our foreign market and might encourage foreigners or American farmers to raise more wheat;** then the world price would go down, and we might not get even the little increase in price which our share of reduction was intended to bring about. And, once those foreign countries or new areas in this country began to raise wheat, they might get into the habit of doing so—just as we have—and then, when the price began to drop again, they might raise even more wheat so as to increase their wheat income, or to become more "self-sustaining." High prices have a dangerous tendency to freeze the market and to encourage production, both at home and abroad.

But up comes another group of theorists. **Let's raise only as much wheat, they say, as we ourselves consume at home!** Then we can make a tariff actually begin to work. That would mean, of course, raising much less than the usual amount of wheat on each farm. And that would simply give away the foreign market for wheat to other countries. It would mean diverting the usual wheat acreage of each farm to something else. Not so bad at that, say our theorists, especially if it means growing more kinds of other food and feed for home consumption and if it means growing more crops that help the soil. **These theorists don't realize how hard it is for a farmer to change his ways.** What about learning how to raise

a new kind of crop, and how about the money for new types of farm machinery? Even the raising of more soil-building crops, and greater diversification of farming, require new types of machinery. And what shall we do with that expensive machinery we already have and which we need to grow and harvest a certain amount of wheat? And how about finding **new outlets for the new farm products**—maybe no one in town wants to, or knows how to, handle such goods. It may take the farmer himself a long time to get into the swing of efficient production of a different kind of crop; and he will have to be pretty efficient if he's going to compete with other farmers who have spent a lifetime at that particular job. Can the wheat farmer, who has learned for generations how to grow wheat, and whose land is well adapted to that, suddenly turn to dairying or hog-raising and "have a show" against the experienced farmer from New England, upper New York State, Wisconsin, or Iowa?

**Table 6.—World and United States production of wheat by 5-year annual averages and by annual quantities**

5-YEAR ANNUAL AVERAGES

Period	World production (except China)	United States production	Percentage United States to World	United States Carry-over	Percentage exports are of production
	<i>Millions of bushels</i>	<i>Millions of bushels</i>	<i>Percent</i>	<i>Millions of bushels</i>	<i>Percent</i>
1901-05-----	3, 073	653. 6	21. 3	-----	21
1906-10-----	3, 435	680. 6	19. 8	-----	18
1911-15-----	3, 823	724. 2	18. 9	-----	25
1916-20-----	<sup>1</sup> 2, 935	824. 0	<sup>1</sup> 28. 1	-----	28
1921-25-----	3, 588	822. 0	22. 9	-----	24
1926-30-----	4, 616	822. 6	17. 8	168	18

ANNUAL QUANTITIES

1929-30-----	4, 268	823. 0	19. 3	229	17
1930-31-----	4, 836	886. 0	18. 3	289	13
1931-32-----	4, 618	942. 0	20. 4	313	13
1932-33-----	4, 607	757. 0	16. 4	375	4
1933-34-----	<sup>2</sup> 4, 857	551. 7	<sup>2</sup> 11. 4	378	5
1934-35-----	<sup>2</sup> 4, 635	526. 4	<sup>2</sup> 11. 4	274	7
1935-36-----	<sup>2</sup> 4, 699	626. 3	<sup>2</sup> 13. 3	146	3
1936-37-----	<sup>1</sup> 3, 534	626. 5	<sup>1</sup> 17. 7	142	3
1937-38-----	<sup>1</sup> 3, 822	874. 0	<sup>1</sup> 22. 9	103	-----

<sup>1</sup> Figures not comparable; Russia not included in world total.

<sup>2</sup> Figures not comparable with previous years; official estimates from Russia now included.

The preceding and following tables show what's been happening in the past. Notice how our **percentage** of the world production of wheat has been going down, even though the amount has increased somewhat. Why is this? Is it because foreign countries haven't the money to buy our wheat? Is it because they are raising more wheat themselves? Prior to 1916, we were producing about one-fifth of the wheat grown in the world. Have we a "right" to raise that share of the world's wheat now? Can we call a conference of representatives of the big wheat-exporting countries and try to get them to agree on a "fair" quota of wheat exports, based on past history? Disregarding the period 1916-20, when figures of Russian production are not available, we find our percentage in the early 1920's rising to 23. Then, up to 1933, we again

**Table 7.—Imports of wheat by principal wheat-importing countries**

[Millions of bushels]

	Annual averages		Annual quantities		
	1925-29	1930-34	1934-35	1935-36	1936-37
United Kingdom.....	217. 1	227. 4	214. 0	208. 4	208. 2
Germany.....	87. 9	33. 1	23. 9	6. 0	2. 8
Italy.....	82. 6	40. 3	17. 7	20. 3	19. 7
France.....	46. 7	52. 7	30. 0	28. 8	22. 0
Belgium.....	43. 6	47. 7	48. 2	38. 9	44. 0
Brazil.....	32. 5	32. 2	34. 8	34. 7	36. 4
Netherlands.....	29. 6	29. 4	20. 1	21. 6	20. 4
China.....	23. 5	42. 2	20. 1	21. 7	5. 9

**Table 8.—Exports of wheat by principal wheat-exporting countries**

[Millions of bushels]

	Annual averages		Annual quantities		
	1925-29	1930-34	1934-35	1935-36	1936-37
Canada.....	306. 1	224. 3	190. 7	187. 6	264. 9
United States.....	173. 5	84. 0	36. 5	15. 7	19. 1
Argentina.....	163. 2	137. 0	181. 7	146. 3	63. 2
Australia.....	95. 8	124. 5	94. 1	101. 4	97. 9
Hungary.....	22. 2	18. 1	19. 2	14. 8	24. 0
Union of Soviet Socialist Republics.....	16. 2	49. 7	10. 4	28. 0	5. 0

were raising about one-fifth of the world wheat, according to such figures as could be obtained regarding the Union of Soviet Socialist Republics. Since 1933, what with the droughts, and with official figures from the Union of Soviet Socialist Republics now available, we have been raising only from one-ninth to one-seventh of the world supply of wheat. But, even so, we still raise more wheat than we can consume at home, so we're still on a world-market and world-price basis. **How much wheat should we raise?** How much can we figure on exporting?

Now, inasmuch as we need to sell some of our wheat abroad, the obvious questions to ask are: Where are the markets? What new markets are available? What countries are importing wheat from abroad? Could some of these countries be encouraged to buy more? How? Table 7 shows the most important of these. Have you any suggestions for selling more wheat to these countries, or to other countries not on the list? What countries are also exporting wheat and are therefore our competitors? Table 8 answers this question. Note that the exporting countries are fewer in number, and handle larger quantities, than the importing countries—this may mean that the producing countries might get together on a plan. The following countries also import at least or about 10 million bushels of wheat annually: Japan, Greece, Czechoslovakia, the Irish Free State, Switzerland, Egypt, Denmark, Sweden, and Norway. What about the reciprocal trade agreement with the United Kingdom, especially as regards an increased market for our wheat? What about adjustments England will have to make with Canada and Australia in her "imperial preference" policy?



## CLASSES, VARIETIES, AND REGIONS

"Wheat is wheat"—to a lot of people. But to a farmer or a miller this statement doesn't mean much. For they know that there are many classes and varieties of wheat—not to mention the five grades of each—**each class of which is best for a certain purpose or each variety of which can best be grown in certain parts of the country and not in others.** And the farmer's problem is to grow a kind or variety of wheat which is best suited to his region, one which will produce the highest yields in the long run, and which also is enough in demand in the market to bring him a good price.

We have harvested a wheat acreage in this country of around 50 to 60 millions during the past 15 years. And from this acreage we have produced some 700 to 750 million bushels of wheat. In some years, like 1921, 1922, and the period 1927-31, the acreage and production were high; in others, especially the period 1933-36, much of the seeded acreage was abandoned, and the harvested acreage and production were low. But the average figure gives us a general idea of wheat production in this country. But in this total wheat crop **there are at least six major classes of wheat** in which we may list **a dozen varieties**, grown in different parts of the country, with different seasons, and used for different purposes. And anyone who is interested in solving the wheat problem—and that certainly means the wheat grower especially—must break the problem down at least into the major classes and varieties grown in large amounts in this country. To lump all these figures together, and talk about surpluses or exports or imports on that basis, is to becloud the issue so far as particular farmers are concerned. For example, during the past few years a considerable outcry was raised because we were "importing wheat." Think of it! A big wheat country like ours importing wheat! But when we

break down the figures and see that most of those imported bushels consisted of Durum, which we need for certain purposes, but which was almost a total crop loss in this country at that time, the import figures begin to be understood.

**Durum wheat** constitutes less than 10 percent of our total wheat production; it is grown largely in the Dakotas and Montana. In the 1920's about 8 or 9 percent of the wheat acreage harvested in this country was Durum (about 5 million acres); but, because of its relatively lower yield per acre, the Durum crop was only about 60 million bushels, or some 7½ percent of our total wheat production during those years. Beginning with 1931, however, our average harvested acreage has been only one-half the former amount; and average production has been even less than that. The unfavorable weather conditions in the Durum-wheat country during those years is a matter of common knowledge. In 1934 we harvested less than a million acres, with a production of 6.5 million bushels; and in 1936, with a harvested acreage of a million and a half, we produced only a little more than 8 million bushels. What this means, from the use point of view, can be seen when we recall that we consume some 30 million bushels of Durum annually in this country; it is a necessary ingredient in macaroni and is used largely for that purpose. And what it means from the point of view of the farmers of a particular locality can be seen when we recall that most of the Durum wheat is grown in the Dakotas and in neighboring States.

**Other hard spring wheat**, especially the red, is also grown largely in the Dakotas and in neighboring States. Here the acreage harvested has been around 22 to 24 percent of the national total; from 11 to 14 million acres. The most important varieties are the Marquis and, more recently, the Ceres. But, whereas in the 1920's production was around 200 million bushels, or 24 percent of our national wheat crop, in the 1930's this production was almost cut in two, and it constituted less than 20 percent of the Nation's crop. Acreage harvested in 1934 was less than 8 million; in 1936, less than 10 million. And

production in 1934 fell to 80 million bushels; and in 1936, to less than 100 million bushels. In each case, as in the case with Durum also, twice as many acres were seeded in those years as were harvested. Prices the farmers received during those years were around 55 to 70 cents a bushel. The difficulty the farmer faced, however, was the low production because of the weather, a factor over which he had no control. And the question may well be raised here, What can the spring-wheat farmer do about this situation? Can he find a partial answer in the new Thatcher variety, with its promise of a more stabilized production, even in rust years? Is the Crop-Insurance Plan an answer? If it is, can he afford to pay the rates which such a plan would involve? For it must be remembered that insurance rates must be adjusted to the risk. The question for the spring-wheat farmer to decide, therefore, especially in the Dakota and neighboring region, is this: Will that wheat area produce enough on the average, in the long run, to make it worth while to go on as he has in the past? Or must he make some radical changes in his program? The Crop-Insurance Plan will tide him over the bad years; but in the long run it cannot guarantee him more production than he has had in the past, unless some newer variety better meets the weather conditions.

Now let's consider the **hard-red-winter-wheat area**, including especially the great Southwest production States of Kansas, Nebraska, Oklahoma, Texas, and Colorado. Here the chief varieties are the Turkey, the Blackhull, and the Kanred. Like the hard-spring-wheat varieties, these wheats are used largely for baker's bread, which has so largely supplanted home-made bread, made from the soft wheats. The hard-red-winter-wheat acreage and production constitutes about 40 to 45 percent of the national wheat totals, with acreage (some 27 millions in 1934) running a bit less, and production running a bit more. Hard-red-winter-wheat production was relatively stable during the latter part of the 1920's; for the country as a whole, it averaged around 300 to 350 million bushels. Production was relatively high in 1928, and relatively low



in 1925. But crops averaging 430 million bushels in 1929, 1930, and 1931, and a crop of less than 300 million bushels in 1932, with four succeeding years under average production, presented the hard-red-winter-wheat farmer with both extreme problems; price declines following a large surplus in 1931, and low yields in succeeding drought years. Some of the winter-wheat areas, especially the softer-wheat areas farther east, were not so hard hit as were the others. But Kansas had only a one-third crop in 1935, and two-thirds of her usual crop in 1936; Nebraska fared little better; while Oklahoma and Texas were even more worse off. Even with the better prices then prevailing, farm income was not enough to make the wheat farmer feel secure. Here, again, we raise the question, **What would a Crop-Insurance Plan do for this situation?** And do the production figures show that rates need not be so high in the winter-wheat areas as elsewhere? Nor so high as to prevent the winter-wheat farmer from giving this plan a trial?

The **soft-red-winter-wheat** area lies largely in the States bordering the Ohio River and to the East and Southeast of it. Some 12 to 13 million acres in this area produced an average of some 200 million bushels of wheat during the past 8 years; or somewhere between 25 and 30 percent of the nation's wheat crop. Among the leading varieties are the Fulz, in the northern part of the area; the Fulcaster, in the southern part and, together with the Leap, in Maryland, Virginia, and North Carolina; the Trumbull, grown largely in Ohio; and other varieties, such as the Red May, the Poole, the Fulhio, and the Nittany. Production in this area, although totaling less than in some other regions, is relatively high per acre; and it has been much more stable, especially in those years when other regions suffered more severely from the drought. The relatively greater rainfall in this region, and the fact that crop-rotation and diversification have been practiced more here, differentiates the region from the commercial-wheat areas, where fallowing and reversion to grasses could well be encouraged. The fact that those soft wheats are used



largely for pastries and home-made bread, also makes the region a distinct one. Can you now see, from looking at the "wheat problem" from its different angles, that we have a number of wheat problems? Are they so different that they must be dealt with separately? Is there enough competition among them so that each class of wheat must have a different program? Or does this argue all the more that all wheat farmers will have to get together to secure a harmonious national wheat program?

Consider the remaining class of wheat, **the white wheats**, including the Baart, the Federation, the Gold-coin and the Albit, grown largely in the Pacific Northwest and California; with some varieties, especially the Gold-coin and the Dawson, grown also in Michigan and New York. Production of this class of wheat is fairly stable, an acreage of around 5 millions producing an annual average of over 100 million bushels. The rains don't always come when they are most needed, but the soil is excellent—much of it, especially in the Paloose country, being volcanic ash; but the soil is being depleted very rapidly in some parts of the area. And then there is the market situation: to ship that wheat overland by rail adds a tremendous freight charge to the price; while to ship it by water to the Eastern seaboard brings it into competition with other nearer wheat areas. There is an export market in the Orient; but with war tearing China to pieces, that market has all but disappeared, except as we wish to send some across the Pacific as an act of charity. Just how is this white-wheat area to develop a program which will save the farm; without doing too much harm to the markets of other wheat areas which are then liable to compete with the white-wheat farmer in turn in a cut-throat battle?

In order to keep our mind on the marketing problem, let's ask another question: **What becomes of all this wheat, including all classes and varieties?** Prior to 1930, about 10 percent was used for seed, about 5½ percent was fed to livestock, and an additional 1 percent was consumed as flour, etc., on the farm; the remaining

84 percent went on the market. Since 1930, almost 12 percent was used for seed, some 16 percent was fed to livestock, and 2 percent was consumed as food on the farm; leaving only some 70 percent of our crop to be marketed. And, even so, that smaller percentage was harder to sell, and brought lower prices, especially in the early 1930's. 1930 to 1933 saw especially large amounts fed to livestock (17½ percent, but twice the usual number of bushels); and yet, because of unusually large production, 72 percent of our wheat was available to be offered to the market. And, with the large world supply on hand during those years, that 72 percent of our production which went on the market netted the farmer only around 40 cents a bushel, and gave him a total farm income from wheat which was lower than any time since the 1870's. We (and animals) were consuming more wheat per capita during those three years than we were any other time during the past 15 years; but, as everyone knows, **our export market was fast disappearing.**

Hard red spring wheat felt the export pinch first. We ordinarily export only some 5 million bushels, but in 1929-30 we were exporting only 2 millions; by which time, indeed, our low production left little to export, and, since 1931-32, none at all. Durum felt the pinch next: from exports of around 30 million bushels, the amount fell to 15 millions in 1929-30, and dropped to nothing after 1932-33. And remember that both classes of wheat are grown in the same area. Soft red winter wheat exports have fluctuated considerably; they were as high as 30 million bushels in 1926-27; but they disappeared altogether after 1931-32. White wheat exports held up fairly well until 1933-34, with an annual range of from 13 to 30 million bushels; but also fell off to practically nothing after that. And what about our chief export wheat, hard red winter? From 1926-27 to 1931-32, exports ranged from 35 millions in 1928-29 to over 70 millions in 1926-27 and 1931-32; but they fell to 17 millions in 1932-33, and then fell off altogether. Some of this decline in exports was due to the almost complete disappearance of foreign demand; some

was due to the fact that we had none to export in the drought years. But the interesting thing is that **the export figures fell off at different times and in different degrees for different kinds of wheat.** And that probably points to the fact that the different wheat areas of the country are competing against each other, to some extent, for the foreign market, and perhaps also for the home market; and if that competition is not direct, it may be indirect. And the question arises as to what we are going to do about that.

The farmer himself can get pretty well wrought up over this whole matter of **competition for the wheat market.** The eastern farmer, with diversified crops, cannot understand why he cannot go ahead with a well-balanced production program and keep on growing a relatively small but stable acreage of wheat. The western farmer, he says, has come in with his commercial-farming methods and lowered the price of wheat; and when a crop-adjustment program seems necessary, then the western farmer wants all wheat growers to cut down production so as to correct the market condition which he himself unbalanced. The southwest farmer claims that his region is especially adapted to wheat, and that he can, in fact, grow all the wheat this country needs; even though he did stir up a "dust bowl" to do it! The spring-wheat farmer of the Dakotas and Montana points to his "two great crop years—1913 and next year"—and persists year after year in going after that big wheat yield which he knows his ground can produce, if only the rains come or the grasshoppers or the rust or the root-rot let him alone. And then there are the farmer exponents of this or that class or variety of wheat who claim that it is best suited to their soils and to human needs, and who feel that especial, or at least equal, attention should be given to their claims to governmental recognition. And what with total wheat production exceeding consumption, and with large world supplies on hand, and an industrial situation which does not provide maximum or even average purchasing power for wheat and other food products; it is easy to see that the wheat

farmer is up against a major problem—of low prices, low sales, and low wheat income. **And if the various regions and different classes and varieties of wheat compete with each other, it becomes exceedingly difficult, if not impossible, to get all wheat farmers to agree on a wheat program.** Whether that program calls for a revival of the old processing taxes in order to pay benefit payments, or soil-conservation practices, or loans, or even a crop-insurance plan, regional differences are likely to crop up among wheat farmers themselves; and those regional and competitive factors are likely to become so great as to prevent a wheat program at all, or at least to keep us from developing a sound wheat program. It is like a family quarrel, which often can become more bitter than one carried on over the back fence with the neighbors.

In the meantime, **wheat—all wheat—is in competition with many other commodities**, and has been losing its market to some. In the face of the restricted markets at home and abroad, with competition increasing among the various wheat areas to supply these declining markets, the wheat farmer should see the need of working out a wheat program which would give an equitable share to all wheat-producing areas. Can this be done? Is the wheat farmer too much of an individualist? Will some wheat areas insist too strictly on their own "rights" so as to prevent a sound national program from operating? **Can the wheat farmer solve the difficult problem of figuring out a production scheme which will both satisfy consumer needs and at the same time make best use of the areas in this country which are well adapted to growing certain kinds of wheat?** Are the differences in milling quality and the uses of different classes of wheat sufficiently great to warrant treatment of the different varieties and classes of wheat as separate commodities? For example, what about separate programs for Hard Spring, Pacific Northwest White, Hard Red Winter, and Soft Red Winter classes? Can we have a wheat program?



## CROP INSURANCE

Although **our foreign market** absorbs only about 10 percent of the wheat we produce, and has at the most absorbed not more than 28 percent, it was well to begin our study of the wheat problem by considering our foreign market because we needed, so to speak, to keep our eye on the target. After all, we want to sell that wheat at a satisfactory price. And the foreign market sets the price for wheat. But that means also that we need to keep our eye on **the domestic market**. We then turned to a consideration of some production problems—the varieties we can best grow in the various regions of the country, and the effect of continuous wheat-growing on our land. We now turn to another problem of production, namely, the problem of **guarding against crop losses**.

And let us remember that we began this discussion when we considered **the weather**. But where, before, we considered the weather as a production factor, we had in mind largely what it does to our national production of wheat, especially as it produces more than we can sell and leaves us with unsold surpluses. To level off these peaks, Secretary Wallace has proposed the idea of an **Ever-Normal Granary** guaranteeing, through storage, enough wheat to supply the American consumer; but also, through adjustments of wheat acreage when supplies are greater than we need, to protect the wheat grower against disastrously low prices. The proposal has been worked out in the Soil-Conservation Act and the supplementary legislation of 1938. When supplies are ample for domestic demands, farmers will be encouraged by payments to divert some of their wheat acreage to soil-building crops. Our storage capacity for future crops will therefore be increased, not by building more granaries and elevators, but by building up the soil itself. Wheat takes a lot out of the land, and every wheat farmer will welcome

a chance to manage his farm so as to divert some of that acreage to soil-building crops, especially if he is paid in part for the loss of that part of his cash crop. The Ever-Normal-Granary Plan is an attempt to adjust ourselves, as a nation of wheat-growers, to the ups and downs of wheat production which are brought about by the weather.

**But the weather also does things to the individual farmer.** No farmer ever worried much about the weather which increased his production. It's the weather that ruins his crop, which is the farmer's worry. And he is helpless in the face of drought, or hail, or frost, or too much rain. Bad weather may affect his whole neighborhood, and he may partly make up in higher prices for a lowered production; but the bad weather may also pick him out singly and ruin a particular crop. Here he is definitely up against the law of chance. And now he has the opportunity of doing what most of us do under such circumstances: **the farmer can insure his wheat crop.**

To begin with, there is not much argument against insurance as such. We all, as individuals, are bound to suffer loss of life or property at some time; and some of us are likely to suffer more losses than others. And so **we take out insurance, to guard ourselves against the unusual losses.** The premiums we pay represent the usual losses of society in general; which we as a part of that society can afford to lose, because, in the long run, we would lose it anyway. But let's not forget that insurance has some peculiar angles to it. When a man takes out life insurance, for example, he bets the company that he will die relatively early; and the life-insurance company bets that he will not! And when a farmer takes out crop insurance, he bets that he will lose all or a part of his crop; while the insurance company, or the Government, bets that he will not! The farmer can afford to lose the bet any single year, or for a number of years, because his premiums are only a small part of his risk; for when he does lose most of his crop, because of bad weather conditions, he receives the amount of wheat or money for which he was insured. **The net effect of crop insur-**

ance is to level off and fill in the low points of the individual wheat grower's production by guaranteeing him a minimum for every year for which he is insured. Crop insurance may therefore be regarded as a part of the Ever-Normal Granary Plan, which also attempts to level off the peaks of production which bear down so heavily on prices.

But when we come to the problem of **insurance rates**, we run into differences of opinion. Naturally, these rates ought to be set so that the Government comes out even in the long run and over the country as a whole; for the prime purpose of crop insurance is to guard the individual wheat grower against the loss of all or a part of his own crop. If a private insurance company were setting the rates, they would want to include their own profits, as they do in all cases except among the mutual companies. But the Government would have no justification for making a profit on the transaction; and, as things now stand, it will probably not be fully reimbursed for all the administrative expenses it incurs. To make the rates even lower than they now are, would present us with a problem, not of insurance or of rates, but of a subsidy, and we therefore don't need to discuss it here any further than to mention it in passing. As for the wheat-insurance rates in general, they have been set on the basis of such information as the Government has been able to assemble in its crop reports over the past years. That there still is an element of chance involved in the plan is shown by the fact that no private insurance company would handle the matter, and very little crop insurance has been written by private companies in the past. Hence, the rates may have to be readjusted as we gain more experience with the plan, and the wheat farmer will be constantly interested in having those rates lowered. So long as this remains a crop-insurance plan, the interests of both farmers and the Government should be directed toward having those rates cover the losses in the long run, and as much of the expenses of the administration of the plan as possible.

Here are some tables showing the announced crop-

insurance rates for certain States and counties. These counties and States are listed merely for purposes of illustration, and to show the differences in production among various localities, and therefore the range of insurance rates. The county rate is applied to each farm with adjustments up or down according to the production history of that farm.

**Table 9.—Crop insurance for wheat: Actuarial statistics of illustrative counties of various States**

[All figures in bushels]

County	State	County-average yield of wheat per acre		Adjusted average loss cost per acre for insured percentage of crop	
		Department reports (1926-35)	Sample farms (1930-35)	75 per cent	50 per cent
Graham-----	Kansas-----	6. 2	6. 6	2. 0	1. 3
Chase-----	do-----	19. 0	19. 7	1. 3	. 4
Cimarron-----	Oklahoma-----	7. 2	5. 0	2. 6	1. 7
Caddo-----	do-----	12. 9	14. 5	. 8	. 2
Gallatin-----	Montana-----	15. 9	14. 3	1. 5	. 7
Garfield-----	do-----	6. 4	3. 6	1. 7	. 9
Grant-----	Washington-----	9. 9	10. 9	. 7	. 2
Yakima-----	do-----	28. 5	16. 8	1. 3	. 4
Cass-----	North Dakota-----	12. 2	12. 6	. 9	. 4
Kidder-----	do-----	6. 2	3. 5	1. 5	. 8
Butte-----	California-----	19. 3	21. 5	1. 1	. 2
Madera-----	do-----	9. 6	11. 0	. 5	. 1
Fulton-----	Pennsylvania-----	12. 7	15. 9	. 5	. 1
Chester-----	do-----	24. 3	26. 9	. 4	. 1
Martin-----	Indiana-----	11. 6	13. 4	1. 1	. 5
Tipton-----	do-----	20. 2	22. 0	1. 5	. 8
Halifax-----	Virginia-----	10. 4	10. 5	. 6	. 1
Augusta-----	do-----	17. 2	17. 8	. 4	. 1

But now we come down to the individual farmer himself. **How are we to determine a rate for the wheat production on his particular farm?** Let's begin with an extreme example. John Smith was a Dakota wheat farmer. He was complaining about his bad luck. During two years the drought "got" his wheat; and then, when plenty of rain came, it was too much, and he was "rusted out." One more year, and the grasshoppers almost "cleaned him out." "And now," he said with all the bitterness of a wronged man, "now the Government finally comes along



with this insurance scheme, and you ought to see my rates!" Naturally we are led to remind him that a production record like this should involve high rates. What this farmer has failed to figure out is the amount of wheat he can raise on his farm in the long run.

Farmers in one county cannot understand why a neighboring county secures a lower rate under the Government plan. And individual farmers may even have trouble understanding why a neighbor gets a different rate.

**What's the answer to all these differences in rates?**

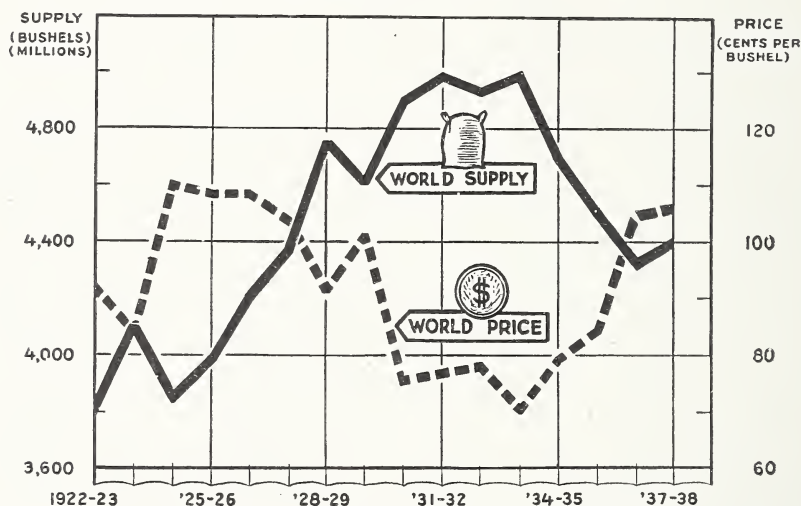
If you were setting the insurance rate for a county or a farm, how would you go about it? Yes, the obvious thing to do would be to look up the production history of the county or of the farm. The records may not go back far enough to give us much confidence in that rate; and the recent drought years may cause us to set the rate higher than it may be in the long run. And so, to help out our incomplete information on the problem, we do the best we can; **we use our judgment.** And "we" means the community and county committeemen, elected by you directly or indirectly, and finally responsible to you; together with State, regional and national agricultural leaders and officials who must finally pass on these rates so as to iron out any exceptional inequalities and to make the program operate successfully on a national scale.

What do you think of the Crop-Insurance Plan for Wheat as a general insurance plan? If it works well with wheat, should we apply it to other commodities? What about the rates for your county? Your own farm? How can you go about correcting some of the difficulties?

## PRICE POLICIES AND STABILIZATION OF INCOME

Now let's talk about **the farm price situation**. To begin with, there is one thing we can do about the price of anything, and that is to **let it alone**—let Government keep its hands off, and just "let prices seek their own levels." This really means, of course, that the only people who would determine the price would be the actual, individual buyers and sellers. This is what people mean by

Chart IV.—World wheat prices and supplies, 1922-23 to 1937-38 (1937-38 preliminary)



"the law of supply and demand," and we have already discussed this in another connection. If people want more of a commodity, and begin to buy it, up will go the price. If people quit buying, down may go the price; if people hold back from selling what they have, up goes the price. In the case of wheat, if we "let nature take its course," a big supply of wheat will mean a lower price; but a lower price may encourage more buying, and that will bring the price up again. And a lower price may discourage producers from raising so much wheat, and a lower production may then result in higher prices.

Of course, we run into difficulties in this reasoning. It isn't only current production, but **stocks on hand—surpluses—that also affect the price.** A glance at Chart IV will show this relationship. And when the price goes down, an individual producer may feel like producing a larger quantity so as to maintain his gross income; for he may have a lot of fixed costs or out-of-pocket expenses to meet, no matter how much or how little he raises. And if a lot of people are in the same fix, **production and surpluses may increase in spite of lower prices.** And this is especially the case in a highly competitive business such as wheat growing. The individual is helpless when he tries to meet a world-wide market and price situation such as is the case with wheat. At least it does seem that something ought to be done about keeping that price from falling so low as to endanger the ownership of the farm and the living standards of the family. What do you think of the "let alone" policy? Shall we engage in unbridled competition with the rest of the wheat producing countries for a larger share in the world market? Even if we sell more wheat that way, can we "make a go" of wheat farming at the price we then would get?

We could go to the other extreme and **raise prices by a limitation of sales and a drastic restriction of wheat production.** What about reducing supplies to a point where the price would be boosted to a high level, such as "parity," which now would be around \$1.12 per bushel? Such a policy might have worked fairly well years ago, when American wheat dominated the world market. But is that the case now? Hasn't American wheat played a smaller and smaller part in the world market in recent years? If we did succeed for a few years in raising the price of wheat to a high level, would this keep up indefinitely? What would the consumer do? And what would the producers do, abroad as well as at home? Would we keep even the part of the foreign market that we now have? Can we be self-sufficient as a nation, so far as wheat is concerned?

A third policy we need to consider is known as the "two-

**price'' policy.** The idea of this policy is to sell wheat in the domestic market at a level which is above the world price, and then to export the rest and sell it at the world price. This general scheme is also known as **the "domestic-allotment" plan.** This plan can be worked out with many variations. With respect to production, we could determine the amount which could be sold in the domestic market and allocate this among all wheat farms; and then we could either let wheat farmers raise as much additional wheat as they wish for the export trade at whatever price they could get, or we could even limit the amount to be raised for export. The plan recognizes that **selling our wheat abroad is largely a price problem,** where we may as well face the fact that wheat, like other things, is worth "what it will fetch." And it takes the view that the domestic market is a somewhat different matter. We've all learned that the American standard of living is higher than elsewhere, and this means in part that people in this country can afford to pay more for things than foreigners can or do pay. Of course, this means that our domestic market depends largely on having plenty of people employed and on their receiving relatively high wages. So that, even in the domestic market, we should have to be careful not to set that price so high as to endanger the sale of most of our wheat.

Now, the question arises, **what devices are to be used for raising the price of domestically consumed wheat above the world price?** Several proposals have been made. (1) Suppose we give wheat farmers **certificates** on that part of their crop destined for domestic consumption, and require that processors selling wheat products in the home market match their sales with certificates purchased from farmers? Farmers would thus get the world price for their entire crop, plus the value of the certificates on the domestically consumed portion of their crop. (2) We could place a **processing tax** on the domestically consumed wheat, and then return the tax to the wheat farmer in the form of benefit payments. (3) We could grant **loans** to the farmer on the domestically consumed portion of his



crop, setting the loan figure somewhere above the world price so as to insure him against loss on that part of his wheat. What do you think of these plans? Do they involve too much regimentation? Are they necessary? Will they work?

Even such a plan, of course, would have to take care that **the loan, or price**, on the amount of wheat raised for the domestic market, **would not be so high as to discourage the home market**. Like all markets, the home market is sensitive to price changes. Even the consumers in a high-standard-of-living country, such as the United States, might react so unfavorably to certain prices—even guaranteed "cost-of-production" prices—as to freeze the market for wheat. Hence, we come back again to the question: **Just how big should that loan figure be?** Can it safely be higher on wheat produced for domestic use, in a two-price system, than it could be in a one-price system where we loaned the same amount on all wheat produced? Can we get at this problem of surpluses by allotting farmers a wheat acreage which will supply the home market—which is fairly stable—and then leave to each farmer the matter of raising additional wheat for the foreign market at the price he can get there? How would a workable Crop-insurance Plan affect these policies? What do you think?

There is still a fourth possibility in working out a wheat program, and that is **to go along pretty much as we have been doing** with a combination of loans, acreage adjustments, and soil-conservation payments. We are all pretty well familiar with this program now. The present program combines a number of interrelated aims: (1) To secure a moderate adjustment of production in order to effect needed soil conservation, but also to permit a production which will enable us to sell a normal amount of wheat both at home and abroad; (2) to prevent ruinous price collapses through the combined influence of loans and marketing quotas. With respect to the loans, the aim is to prevent losses caused by temporary heavy surpluses, but not to raise prices so high as to discourage consumption; nor do

we want to restrict our exports, or to load the Government with great amounts of wheat that it cannot dispose of.

Is our wheat-marketing problem a matter of pricing? Does price matter so long as the wheat farmer gets a sufficient net farm income? Does he want a fluctuating income, depending on price or production, or would he prefer a more stable income? How about treating the foreign market differently from the domestic market? What about the various ways of solving the problem: by adjusting acreage? by a loan policy? by marketing quotas? And at what price per bushel should those loans be set—remembering that, with a production of 800 million bushels, every cent additional costs the Government 8 million dollars, and that setting those loans at "parity" price might cost the Government several hundred million dollars?

One thing which has confused the thinking on agricultural price problems more than anything else is **the confusion between long-time policies and short-time measures**. The friends of agriculture have been confused as often, on this point, as have its enemies; and city people are not much more guilty of this mistake than are farmers. **In the long run** it is sound business to increase production and lower prices; for this usually means an increased market because consumers will be attracted by abundant supplies and low prices. And, if sufficient care is taken to lower production costs, through more efficient management, then net farm income can be increased in spite of lowering prices. And the American farmer would do well to learn these basic economic principles; in fact, he has already learned them remarkably well. It remains to be seen whether he can apply them in the formulating of future agricultural policies, for the real test is ahead. We may some day soon pass through the period of surpluses and be called upon to produce more than we ever have. The American farmer has in the past had the advantage of a virgin soil which he could obtain at low prices; and his markets were expanding, both at home and abroad, because of increasing population. Many farmers were able to retire largely on the proceeds of the increase in the value of their land.

But the future holds out no continuance of all those advantages. From now on, farm management will have to be applied as never before. And, **in the long run**, gradually lowering prices may have to be faced, with gradually increasing production. But increased production does not mean simply increased acreage; it may come about through decreased acreage, but with more efficient production per acre or better weather conditions. The curtailment of farm acreage may be quite in line with such a long-run policy; especially if the poorer acres are taken out of cultivation, and if the better acres are tilled more efficiently. This would be sound economics in any business, and not only in agriculture. But it presents the American farmer with a double problem of management bigger than he has ever faced before—**greater production on less acreage, and higher net income from lower prices.**

It becomes quite plain, then, that any price-fixing policy, or any commodity-loan policy, which raises prices excessively, will kill that expanding market, in the long run. But such a long-run policy is not to be confused with **a short-time policy, aimed to meet a crisis**; such as a policy of putting a floor under prices, so that they do not fall so low as to endanger farm ownership. The opponents of acreage or crop curtailment, or of putting a floor under prices, fail to see that the principles they are defending apply to long-range periods; and they fail to see that present-day piled-up surpluses show that it is not production which is lacking, but a better system of distribution. But the farmer who sees this latter point needs to be careful, lest he think that a reduction of crops and a raising of prices can be made permanent policies for agriculture. He needs to realize that, as soon as these surpluses of farm products have been reduced to reasonable levels, his real job has just begun. And that job is to buckle down to the task of **more efficient production, and more efficient farm management**, without relying so much as he has in the immediate past on government help.

## THE WHEAT PROGRAM

The first thing we have to understand about the farm program in general is that Congress passed the various acts, and that the President signed them, and that this national legislation put the program into effect. Some people think that the Department of Agriculture is the only part of the Government which is responsible for these laws. The laws do give a lot of leeway to the Department as to the way they are to be carried out; and sometimes the field men of the Department do not do as good a job as they might of applying the law to the case at hand. For such things the Department is especially responsible, and any complaints over such matters should be addressed to your county agent or county committeemen, or finally to the Secretary. **No law is so perfect that it doesn't hurt somebody. And no law is so well drawn as to be foolproof**—the men who administer it in the field, and on your farm, are liable to make mistakes. But the law provides for executive officers in your own community—the county and community committeemen—who are therefore **your Government**. You may vote for Congressmen only every 2 years, and for President every 4 years; **you elect your committeemen every year, and you can see your county agent almost any time**. So you see, under the farm bill, we are working toward a real **economic democracy**.

Now what does **the Agricultural Act of 1938** say about wheat? Among other things it says that:

1. (Sec. 332.) "Not later than July 15 of each marketing year for wheat, the Secretary shall ascertain and proclaim the total supply and the normal supply of wheat for such marketing year, and the national acreage allotment for the next crop of wheat."

2. (Sec. 333.) "The national acreage allotment for any crop of wheat shall be the acreage which the Secretary determines will, on the basis of the national average yield for wheat, produce an amount thereof adequate, together with the estimated carry-over at the be-



ginning of the marketing year for such crop, to make available a supply for such marketing year equal to a normal year's domestic consumption and exports plus 30 per centum thereof. The national acreage allotment for wheat for 1938 shall be sixty-two million five hundred thousand acres. The national acreage allotment for wheat for 1939 shall not be less than fifty-five million acres."

3. (Sec. 334 (a).) "The national acreage allotment for wheat shall be apportioned by the Secretary among the several States on the basis of the acreage seeded" . . . during the past ten calendar years . . . "with adjustments for abnormal weather conditions and for trends in acreage during such period."

4. (Sec. 334 (b).) "The State acreage allotment for wheat shall be apportioned by the Secretary among the counties in the State, on the basis of the acreage seeded . . . (etc., same as above)."

5. (Sec. 334 (c).) "The allotment to the county shall be apportioned by the Secretary, through the local committees, among the farms within the county on the basis of tillable acres, crop-rotation practices, type of soil, and topography. Not more than 3 per centum of such county allotment shall be apportioned to farms on which wheat has not been planted during any of the three marketing years (July 1 to June 30) immediately preceding the marketing year in which the allotment is made."

The law then becomes involved in details which the county and local committees have to work out and settle for each farmer in the county. There are some "ifs" and "excepts" for some of the statements we have just quoted from the law, but the main idea is there. It simply amounts to this, that **the cooperating wheat farmer is limiting his acreage so as to produce less wheat, so that there will finally be a "normal" carry-over instead of a big surplus which keeps the price down.** The main issue is, therefore, between those people who agree with this method of handling the wheat problem and those who think that production and prices should be let alone to "seek their own level." And these people claim that, if production and stocks should increase, the price will go down and then more wheat will be sold, and in that way we shall get out of our present muddle. This fundamental issue should not be lost sight of.

Now the farm bill of 1938 again goes on record.

1. (Sec. 335 (a).) "Whenever it shall appear that the total supply of wheat as of the beginning of any marketing year will exceed a

normal year's domestic consumption and exports by more than 35 per centum, the Secretary shall, not later than the May 15 prior to the beginning of such marketing year, proclaim such fact and, during the marketing year beginning July 1 and continuing throughout such marketing year, a marketing quota shall be in effect with respect to the marketing of wheat. \* \* \* No marketing quota with respect to the marketing of wheat shall be in effect for the marketing year beginning July 1, 1938, unless prior to the date of the proclamation of the Secretary, provision has been made by law for the payment, in whole or in part, in 1938 of parity payments with respect to wheat."

2. (Sec. 335 (b).) "The amount of the national marketing quota for wheat shall be equal to a normal year's domestic consumption and exports plus 30 per centum thereof, less the sum of (1) the estimated carry over of wheat as of the beginning of the marketing year with respect to which the quota is proclaimed and (2) the estimated amount of wheat which will be used on farms as seed and livestock feed during the marketing year."

3. (Sec. 335 (c).) "The farm marketing quota for any farm for any marketing year shall be a number of bushels of wheat equal to the sum of—

(1) "A number of bushels equal to the 'normal production of' the farm acreage allotment; and

(2) "A number of bushels of wheat equal to the amount \* \* \* of wheat from any previous crop which the farmer has on hand.  
\* \* \*"

4. (Sec. 335 (d).) "No farm marketing quota with respect to wheat shall be applicable in any marketing year to any farm on which the normal production of the acreage planted to wheat of the current crop is less than one hundred bushels."

5. (Sec. 339.) "Any farmer who, while farm marketing quotas are in effect, markets wheat in excess of the farm marketing quota for the farm on which such wheat was produced, shall be subject to a penalty of 15 cents per bushel of the excess so marketed."

Again we have omitted details of the law, and a great deal of figuring and adjustment will have to be made for each farm by the county committee. But the main principles have been given. And, since they are written down in the law, the Department has no choice in the matter; it must enforce the law. Those people who do not like the law will get nowhere by criticising the Department or by trying to get it to change the law or to refrain from enforcing some provisions of it. What these people need to do is to seek, through the channels provided by the Constitution and our democratic form of Government, to bring about

changes in national legislation. What do you think of the wheat provisions of the Farm Act of 1938? Have you read the law? You can secure a copy of it by writing to the United States Department of Agriculture. Here are the main points to keep in mind:

1. **The acreage allotments** for each farm are made on the basis of the Soil Conservation and Domestic Allotment Act, as amended by the Agricultural Adjustment Act of 1938; and the national and State acreage limits, on which individual allotments are based, are fairly definitely determined by this legislation, and are not affected by a referendum vote.

2. **The marketing quotas** are an additional means of enforcing the acreage allotments; marketing quotas do not go into effect unless two-thirds of the producers of that commodity who vote in the referendum vote "Yes"; but an unfavorable referendum vote has no effect on the individual acreage allotments which are made on the basis of the farm bills now in operation.

Here you have the legislative goals of the national farm program. There still remain the administrative problems of finding the means toward achieving the goals. How is this problem of administration working out in your county, your community? If the goals need to be changed, who is responsible for this? If the goals are satisfactory, but the methods of achieving them are not, who is responsible? The success of the wheat program depends largely on your ability to think these things through and on your help in making the program work or in changing it for the better.

**In the case of the Farm Act of 1938, Congress went further than before in writing into the law the way it should be carried out.** This is in line with our American idea that "this is a country of laws, and not of men." **We are very careful to write all possible details into our laws,** because we don't want our Government officials to have too much freedom in carrying out the laws. What do you think about this? At any rate, there the law is; and **it is up to the Federal and State officials, and the county and community committeemen, to carry it out to the best of their ability.**

## ECONOMIC DEMOCRACY—THE WHEAT REFERENDUM AND THE ADMINISTRATION OF THE PROGRAM

But anyone who has ever had anything to do with enforcing a law or having it enforced on him, knows that **it is a long, long way between good legislation and good government.** One of the besetting sins of us Americans is that we seem to think that every time we get into trouble all we can or need to do is to "have a law on the subject." And then, once we get a law on the statute books, we forget all about it; we have become a nation of lawbreakers, and we forget that **in a democratic society everyone ought to feel especially obliged to obey the law and to help in every way to see that it is enforced.** Now, the Farm Act of 1938 recognizes this idea. As we have said before, the act determines what the national production is to be, and it states quite definitely how the acreage allotment for each State is to be determined and how that State allotment is to be apportioned among the counties and the individual farms. But it also provides that, before marketing quotas go into effect as regards any of the five listed commodities—cotton, corn, wheat, rice, tobacco—**a referendum** shall be held among the growers of that product, to see whether the farmers who produce that commodity want the law to apply to it. Under the Bankhead Act, for example, a referendum of this sort was held among cotton growers in 1935; and under the Farm Act of 1938, a cotton referendum was held on March 12, 1938. Each person engaged in producing cotton—farm owner and manager, and each tenant, whether cash renter or share-cropper—had one vote and only one vote; and if two-thirds of those voting in the referendum throughout the country voted "Yes," the marketing quotas provided in the act of 1938 were to go into effect. The referendum on March 12 showed a favorable vote of over 90 percent, so the marketing quotas went into effect for all cotton growers,



regardless of the fact that some counties or some regions did not poll a two-thirds favorable vote. This same procedure may be applied to wheat, if the supplies on hand reach a certain amount.

Now the question on which the cotton farmer voted in March was:

Do you favor cotton-marketing quotas for the 1938 crop?

YES

NO

☐☐

(Mark one square with an X showing which way you vote)

And, since the wheat farmer may be facing the same situation, we shall discuss the cotton-farmer's experience with the referendum.

The first question which came up in every cotton-farmer's mind was, **What is this going to do to my cotton acreage?** And in the meetings held before the referendum, that question came up again and again. It undoubtedly, will also come up if we have a wheat referendum. Now, the simple answer is, that the vote in the referendum had nothing to do with acreage allotments; they are definitely provided for under the law. But the farmer's question was, How many acres will I be allotted on my farm? And he didn't know the answer when he voted in the referendum.

The result was that many a farmer went to the polls in the cotton referendum of 1938 with the feeling that he was voting for "a pig in a poke." And, after the referendum, when some farmers began to find out about how small their cotton acreage would be, they began to feel pretty strongly that they had voted for "a pig in a poke." As a matter of fact, the law had already put the pig in the poke (if there was one); but the farmer didn't yet know just how big the pig was. And when some people reported that a number of farmers would have voted differently if they had known what a favorable referendum vote would do to their cotton acreage, they missed the point completely, because the referendum was not on the acreage allotments, but determined whether marketing quotas should go into effect to enforce such acreage allotments as would be made any-

way. A number of letters received by the Department of Agriculture stated that farmers ought to have been told just what their allotments were going to be before they voted in such a referendum. Perhaps you agree with this point of view. What do you think about it?

Let us remember that the law does not require that the acreage allotments be worked out before the referendum vote is taken, and the referendum vote had no effect on the size of these allotments; therefore, it becomes **a matter of administrative policy** of the Department of Agriculture to decide **whether those acreage allotments shall be figured out before the referendum is held.** In the case of the cotton referendum of March 1938, this probably would have been impossible, since the referendum had to be held so soon after the Act was passed, because cotton-planting time was right upon us. But that may not be the case the next time a referendum is held, especially in the case of wheat. Therefore, a great deal of care should be taken to decide this important point. And you, as a member of this economic democracy of agriculture, should think about this problem and make your feelings and judgments heard. How would you vote on this policy?

**Just what is this referendum method to decide?** We have already stated the views of those who think that each farmer should vote as to whether he is satisfied with the acreage allotment and marketing quota he thinks is going to be given to his farm under the law. Is that the issue? Aside from the fact that it is marketing quotas, and not acreage allotments, that are to be voted on, there's something more to be considered. **Isn't the question a national one, a problem of public policy, rather than of individual, selfish interest?**

But there is one thing more that we must not forget; and that is, that **democracy means and requires full discussion of all public affairs.** The first thing that happens when a dictatorship is set up is that the newspapers and radios are censored, and people are prevented from speaking their minds freely. People can or may think what they please, in a dictatorship, but they are not

allowed to say what they think. **Democracy**, on the other hand, means not only the spirit of tolerance, with free election systems, and referenda, letting all views be fully expressed; but it also **is a faith in the thinking and ability of the common man**, a belief that what he thinks and what he has to say is worth while to society. Who knows but that an idea, developed by a farmer or a farmer's wife; or some of these young farm boys and girls who are interested in the future of farm life; who knows, we repeat, but that an idea like that may contribute to the improvement of agriculture in a community, or a region, or throughout the Nation? **And what better test is there of an idea than to talk it over with someone else**, or with a group of people? The political greatness of England is in part due to the fact that English people have for centuries spoken their minds among their fellow citizens. The ancient Greeks were great talkers; they like to gather in the "market-place" and talk things over among themselves, and they were among the earliest peoples to have an "assembly" to talk over public policies. Some of the great things they did along other lines—philosophy, drama, science—were probably made possible because the Greeks had previously been sharpening their wits by talking over all sorts of things freely among themselves. Greece was not really a nation; it was a cluster of small communities, located on islands and in small valleys. And these communities were the first places to develop a democratic form of government, with free discussion as a basis. England and the Scandinavian countries likewise built up their democracies on the basis of **community discussion of community problems**. And we in America can well look to the small communities and to community discussion groups to keep alive and strong the spirit of democracy at the "grass roots" of our society.

**There are, of course, those who are impatient with discussion** as a way of getting things done. "Talk! talk! talk!" they say, "and what comes of it?" They point to the fact that representative assemblies, especially in some parts of Europe, recently practically talked themselves out

of existence. And this is quite true. It can even be said that the dictatorships in modern Europe came about not through a "strong man" but rather because of the failure of the parliaments of those countries to get anywhere with their talking. It was a case of "Rome burning while Nero fiddled." **And one of the great dangers confronting our own democracy is that talk alone may go on, in our representative assemblies, or in popular meetings or even in small groups, without leading to any constructive social policies or action.** We have even lost the art of conversation. The "grouch" may "get things off his chest," and that is a very important value of free speech and free discussion; but that is not enough. **The chief value of discussion is that it can economically consider policies,** many of which if actually worked out would be expensive, especially if they proved to be bad policies. People can discuss policies and exchange ideas before actually trying them out, and thereby discover their weaknesses or defects; if all such policies or ideas were actually worked out the results might be very expensive. But **discussion ought to lead somewhere;** and there is no better way of developing a sound national farm program, or a community program, than to make that the point of a small discussion group of 15 to 20 people, meeting regularly every 2 weeks or so and taking up one thing at a time. Action will follow, once the thoughts of a group begin to "jell." What is wanted is a wise leader, who will not only let everyone have his say, but who also will lead the feeling and the thinking of the group toward **some definite policy of benefit to the community and to the Nation.**

**The American farmer is being given a chance today to work out his own farm program as he never had before.** Oh, yes, in "the good old days" when farms were to be had for the asking or taking, a farmer could do with his own pretty much as he pleased. But those days are over. Farm lands are no longer so easy to get. What your neighbor does or even what a lot of farmers in other parts of the country or of the world do, now affects you. **And farmers have to get together to solve the problems**



**that arise from this competition.** They cannot act in the strictly democratic way by all taking a hand in the making of policy, but everyone can have his say. And a way has been made for having farmers elect community committeemen each year as their representatives. And all of the community committeemen of a county act together as a council and elect a county committee. **It is your business to see that the best men, the most respected farmers, are elected to these jobs.** Your county agent is automatically a non-voting member of the county committee. And those county committeemen not only administer the law in your county, but their ideas and perhaps even yours, if you tell the committeemen what they are, are sent up to your State Agricultural Conservation Committee to **formulate the policies of your community,** your county, your agricultural region. And the State committee not only administers the law in your State, but also maintains constant contact with the Department of Agriculture at Washington, advising it as to how the program is working and as to how it may be improved. If you don't like the present farm program, say so among your neighbors; or, better yet, make some constructive suggestion for improving it. If your neighbor doesn't like the program, but you do, talk it over with him; you may both learn something.

See what you can do during the winter in a discussion group of 10 or 12 farm men and women meeting every two weeks or once a month. **Backed by the opinions of farm men and women,** threshed out in small group discussions, **the program of such an organization becomes a truly effective policy of a democratic society. This is your organization.** Use it; take part in it. Vote whenever you get a chance. If you are elected a committeeman, **take your responsibilities seriously.** Make yourself felt in the forming of sounder programs and in administering this one as well as you can. The farm program—What's it all about? **You ought to know.** What about wheat? **That's up to you.**

## MORE ABOUT THE WHEAT SITUATION

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- AGRICULTURAL STATISTICS. Published annually by the United States Department of Agriculture, Washington, D. C.
- HOW TRADE AGREEMENTS ARE MADE. Francis B. Sayre. United States Government Printing Office, Washington, D. C.
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